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Intellectual Ammunition

Potshots

I have to confess that it has crossed my mind that you could not be a Republican and a Christian.

—Hillary Rodham Clinton, *in an address to the National Prayer Breakfast*

This town is ripped with people who are self-righteous, sanctimonious, and hypocritical.

—President Bill Clinton, *also addressing the National Prayer Breakfast*

Human beings are the only creatures that allow their children to come back home.

—Bill Cosby

The American dream is not just about money and material advancement. It is a dream of freedom.

—Alan Keyes

If you give the government enough power to create "social justice," you have given it enough power to create despotism. Millions of people around the world have paid with their lives for overlooking that simple fact.

—Thomas Sowell

Scientists have proven that a mom's spit is the exact chemical composition of Formula 409. Mom's spit on a Kleenex. You can get rust off a bumper with that thing.

—Jeff Foxworthy

Choking on Clean Air Regulations

by Alan Caruba

When asked about the economic impact of the proposed tightening of Clean Air Act mandates, Environmental Protection Agency administrator Carol Browner told *USA Today*, "I think industry, frankly, is engaging in scare tactics."

Few are more familiar with scare tactics than Ms. Browner. The EPA and the environmental movement have used such tactics for decades to achieve their ultimate goal, a chokehold on the nation's economy. To understand this deliberately complex acquisition of power, one must understand that it's not just about clean air standards. It's about giving the EPA the right to define what clean air *is*, and the power to enforce an extensive matrix of laws concerning not just the air, but water, wetlands, endangered species, pesticides, etc.

Increasingly, thoughtful Americans are having second thoughts about the real motivations of those who claim to desire only to "save the Earth." Observers of the environmental movement have grown increasingly concerned that actions taken by the EPA and the Clinton Administration reflect the international agenda of the Green political movement. Through existing and proposed United Nation's environmental treaties, key Clinton appointees are engaged in a breathtaking attack on both U.S. national sovereignty and the keystone of our Constitution, private property.

Few Americans are aware of the extraordinary infiltration of both the current Administration and the United Nations by advocates and agents of the worldwide Green movement. Fewer still recognize the movement's plans not just to "save the Earth," but to achieve "global governance."

Unelected, Unappointed, Un-American

By creating an endless tangle of U.N.-designated "World Heritage Sites" and "Ecoregions," nongovernmental groups (NGOs) and the United Nations Environmental Program are establishing their "rights" to make and influence decisions about the entire U.S. land mass. These people are *not elected*, nor are they *appointed* by any U.S. government agency.

The U.N. "Heritage" sites include Yellowstone, the Everglades, the Grand Canyon, and even the Statue of Liberty, to name just a few. Ecoregions, if given legal sta-

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Q:

Plastics?

A:

The Society of the Plastics Industry and The American Plastics Council.

For answers to your questions about plastics' role in the environment, call Susan Kissler, media relations manager.

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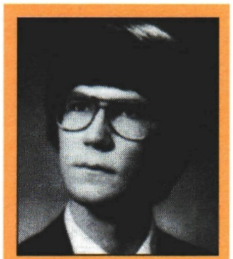
Mike Dixon *(1981)*
vice-president, finance

News from the *Heartland*

by Joseph L. Bast
Publisher

Whither Environmentalism?

This issue of *Intellectual Ammunition* is a study in contrasts.

Morgan Reynolds reports that recent efforts to hold criminals responsible for the harm they do is making our cities safer. George Clowes reports on efforts to rein in the political power of teachers unions in Washington, Pennsylvania, and other states. And Bill Eggers describes promising initiatives to privatize welfare. In at least these three areas, advocates of limited government and individual liberty appear to be making real progress.

When we look at the environmental arena, we see movement in a decidedly different direction. Alan Caruba's cover article, "Choking on Clean Air Regulations," points to the disturbing lack of sound science and respect for property rights that characterize the rush to have government "save the Earth." The problem is bigger than EPA: international treaties, including the United Nations global warming treaty being negotiated this year, have major implications for our nation's economy and our lifestyles.

Jonathan Adler provides additional information about EPA's proposed particulate matter and ground-level ozone standards. EPA has once again disregarded sound science in building a case to justify new rules. And since the Clean Air Act does not allow EPA to take costs into consideration when setting air quality standards, we are left to suffer under yet another batch of regulations whose compliance costs will far exceed their benefits.

Recent reforms in the areas of crime prevention, education, and welfare reform demonstrate the promise of relying less on government and more on private enterprise, individuals, and community initiatives. Why does environmental protection policy lean so sharply in the opposite direction?

Is it possible that environmentalism, being largely a movement of the young and liberal, is a few years behind such political veterans as fighting crime, improving schools, and welfare reform?

A PolicyFax Update

Just about everyone receiving this issue of *Intellectual Ammunition* should have received a copy of *PolicyFax '97*, our new comprehensive guide to documents available through *PolicyFax*. Please give us a call at 847/202-3060 if you don't think you received a copy, or if you have difficulties using the service.

Judging by the number of calls placed to *PolicyFax*, the catalog was a smashing success. A record 1,342 documents were sent to customers in 42 states during the month of March!

We're trying hard to make *PolicyFax* the most complete and easy-to-use information service in the world. To accomplish that lofty goal, we need your help. If you haven't done so already, please call *PolicyFax* at 847/202-4888 and give it a try. Use either the *PolicyFax '97* catalog or the new *PolicyFax Update* bound inside this issue of *Intellectual Ammunition*.

It would also help us if you could complete and return the survey on the back cover of this magazine. And finally, if you are a state legislator with a small amount of time to give, please consider joining the *PolicyFax* Legislative Advisory Committee, which recommends documents to be added to *PolicyFax*. Call us at 847/202-3060 to sign up.

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tus under the proposed U.N. Biodiversity Treaty, would carve the U.S. and Canada into 21 areas in which all development would be restricted.

The Growing EPA Plague

Since its founding in 1970, the EPA has been responsible for what now represents one-third of all federal laws and regulations. By its own estimates, EPA regulations have *cost U.S. taxpayers and businesses* $1.4 trillion in the agency's first two decades; they will cost an estimated $1.6 trillion in the 1990s alone. Moreover, the *hidden* costs of environmental rules and regulations, passed onto consumers in the form of higher prices, fewer choices, and less freedom, easily double and triple the EPA figure.

Who's Scaring Whom?

Defending the new Clean Air Act mandates, estimated to cost between $6.6 and $8.5 billion, Browner said, "The question is not one of science. The question is one of judgment: Whom do we protect?" *Not science?* And whose judgment? Browner's use of a classic scare campaign tactic—a dire health threat—signaled the specious nature of EPA's new grab for power.

The EPA has lied to Americans for years. In late 1996 and continuing into 1997, it has barraged the media with claims about growing "pollution" problems. One need only recall, however, the false assertion that Times Beach, Missouri, was threatened by dioxin, when in fact it was not. Or the clamor over "acid rain," found in a *government* study to be innocent of the claim that it leads to deforestation.

Or consider the claim of "global warming," which is devoid of scientific proof—and which has been re-named "global climate change" as a way to smooth over the embarrassing lack of evidence. That scare has resulted in a senseless ban on freon, the essential chemical ingredient in all refrigeration and air conditioning, and one of the most effective chemicals with which to extinguish fires.

Subjected to decades of environmental doomsday scenarios, Americans are only now awakening to the Green movement's hidden, but true, agenda: enough is *never* enough. The proposed expansion of the Clean Air Act to include irrationally smaller emissions of particulates is a perfect example. Keep in mind, the power to regulate is the power to destroy.

Regulation: Silly, but No Laughing Matter

The EPA proposal would reduce acceptable ozone levels from 120 parts per billion measured over a one-hour period, to 80 parts per billion over an *eight*-hour period. Current particulate matter standards—which allow concentrations of no more than 150 micrograms of particulates no larger *than 10 microns in diameter, per cubic* meter of air—would be reduced. The new standards would permit concentrations of no more than 50 micrograms per cubic meter of air daily (15 micrograms per cubic meter annually) of particulates no larger than 2.5 microns. (By way of comparison, a human hair is about 70 microns.)

> *"Being in non-attainment is much more than just a classification on a piece of paper. It can mean the loss of federal highway funds, mandatory car pooling, and restrictions on household items such as lawn mowers, paint, fireplaces, and hair spray."*

It's a totally irrational standard based on specious claims of purported health benefits. The new EPA proposal comes at a time when life expectancy in America is the *highest* it has ever been. Yes, some Americans suffer from respiratory diseases, but how much of that can honestly be attributed to *dust*?

A colleague of mine, an environmental and regulatory affairs specialist, has studied the new EPA proposals. He points out that "many parts of the country will automatically wind up in violation of the proposed levels due to naturally occurring and highly reactive VOCs (volatile organic compounds) given off by a number of biogenic sources such as shrubs and trees." The EPA and the Clinton Administration are well aware of this problem, but seem little concerned. Others are far more concerned. Jerry J. Jasinowski, president of the National Association of Manufacturers, noted that "Being in non-attainment is much more than just a classification on a piece of paper. It can mean the loss of federal highway funds, mandatory car pooling, and restrictions on household items such as lawn mowers, paint, fireplaces, and hair spray."

Even Mother Nature Violates the Standards

If the Earth produces gases and particulates, why are new, harsher regulations called for? Americans live on about 3 percent of the entire land mass of the U.S. The rest is deserts, grazing and farm lands, mountain ranges, and two-thirds of all the forests that existed when the Pilgrims arrived. Forests, and even deserts, produce VOCs! In his book, *A Moment on the Earth*, Gregg Easterbrook noted that "Nature emits an estimated 200 billion tons of [carbon dioxide, a greenhouse gas] annually, versus a human-caused emission total of about seven billion tons per year." And carbon dioxide is just one gas that the Earth produces all the time.

You want dust? Particulates? There are more than 500 volcanoes on Earth, many of which are active to the point of producing more "particulates" in a single eruption, on a single day, than a year's worth of any "dust" resulting from any human activity.

More Dangerous than Dust

Having devoted the last fifty years to the defeat of Soviet-style Communism, the nation must now turn its attention to the Green variant that presently threatens U.S. sovereignty and its economic system. The issue is not dust. It is not greenhouse gases. It is not endangered species, wetlands, ozone, pesticides, or landfills.

At stake is nothing less than your children's and grandchildren's futures. Those futures will be ensured only by the democratic and capitalist values that founded and grew this country. The enemy of those values lies within, as well as beyond, our borders.

* * *

Alan Caruba, a business and science writer, founded the National Anxiety Center in 1990. Headquartered in Maplewood, New Jersey, the center serves as a clearinghouse for information and commentary on "scare campaigns." *Contact the National Anxiety Center at 201/763-6392.*

Morgan O. Reynolds

Morgan Reynolds is director
of the Criminal Justice Center
at the National Center
for Policy Analysis.

Punishment Up, Crime Down

The number of serious crimes has fallen in many towns and cities across the country. New York City, for example, had fewer than 1,000 murders in 1996, the lowest number in nearly 30 years. In downtown Houston, overall crime has dropped by half during the past six years, and violent crimes are down 67 percent. Between 1992 and 1995, the national murder rate fell 12 percent, the violent crime rate 8 percent, and the reported burglary rate 15 percent.

Why the decline? Dozens of solid empirical studies, mostly by economists, have concluded that offenders respond to incentives and "deterrence works." One of the leading researchers, Isaac Ehrlich of SUNY Buffalo, recently wrote, "Taken as a whole, these studies offer a mountain of evidence consistent with the hypothesis that both negative and positive incentives have a deterrent effect on crime."

Other criminologists maintain that the causes of the decline lie elsewhere. Alfred Blumstein, a prominent Carnegie Mellon University criminologist, attributes the decline to a "maturing of the drug market." But the incarceration of more violent criminals and burglars for longer periods of time is a major factor in the lower rate of serious crime.

The National Center for Policy Analysis has created an index of "expected punishment" to track the "price" that the justice system imposes on criminals. The index measures the probability of arrest, conviction, and imprisonment and the median prison sentence served for the crime.

As the accompanying figure shows, when expected punishment plummeted after 1950, the rate of serious crime soared. And as expected punishment increased since 1980, the rate of serious crime leveled off and then fell. (Serious crime is defined as the reported violent crimes of murder/non-negligent manslaughter, forcible rape, robbery, and aggravated assault, plus the property crime of burglary.)

- By 1995, expected punishment had risen to almost 22 days from an early-1980s low of fewer than 10 days.

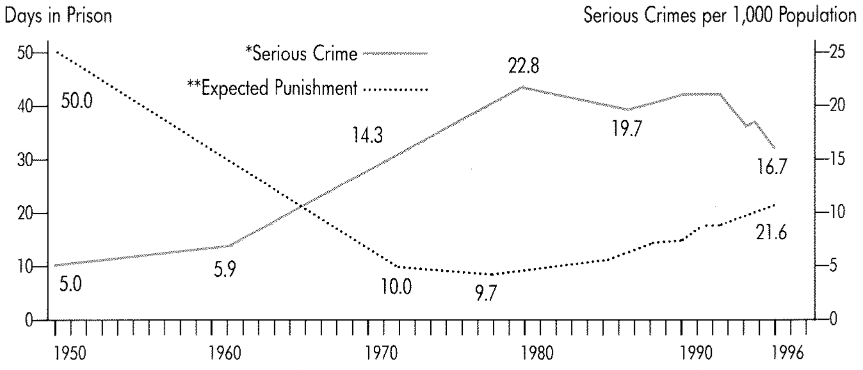
- In response, serious crime per 1,000 persons has decreased by 27 percent since its high point in 1980.

The improvement, however, is not as good as it may appear. Much of the reduction in serious crime was due to the fall in the burglary rate, and reported *violent* crime actually increased 31 percent between 1985 and 1990. The reported crime rate has trended upward partly because of improvements in police record-keeping and greater willingness by the public to report crime. While expected punishment has increased recently, in 1995 it remained less than half what it was in 1950. The serious crime rate is three times that of the 1950s.

The impact of taking criminals off the streets and keeping them locked up longer has been noticeable in many cities, but incarceration cannot carry the whole load. Harvard economist Richard B. Freeman finds that church attendance is a better predictor of who escapes poverty, drug addiction, and crime than are family income, family structure, and other variables. An exhaustive review article in *Criminology* in 1995 found that even under adverse social and economic conditions, churchgoing serves as "an insulator against crime and delinquency."

We're rediscovering the importance of character formation: teaching the difference between right and wrong and the value of morality. To reinforce the importance of character, a society must have a justice system that treats criminals as fully responsible for the harm they do and exacts a proportionate price from those who do that harm.

Crime and Punishment, Selected Years, from 1950 to 1995



*Defined as FBI Index crimes of violence (murder and non-negligent manslaughter, forcible rape, robbery, aggravated assault) plus burglary, per thousand population.

**Defined as probability of prison per serious Index crime times median days actually served in prison per serious Index crime.

Available on *PolicyFax*

What to Do about Crime?
James Q. Wilson and six criminal justice experts discuss what causes crime and ways to address those causes. (*The Independent Institute, January 1995, 16 pp.*)

Call 847/202-4888
Request document #1300201

Political Slush Funds Challenged

George Clowes

George Clowes is managing editor of *School Reform News*, a monthly newspaper published by The Heartland Institute.

Suit Filed in Washington State

Following an investigation by the state's Public Disclosure Commission, Attorney General Christine Gregoire charged the Washington Education Association, a state affiliate of the National Education Association, with "hundreds of thousands of dollars" in campaign finance violations. This is the first time that a state lawsuit will force the union—one of the most powerful political forces in the country—to open its books to public scrutiny.

The WEA is charged with "severely" frustrating "the public's right to know" who pays for political campaigns. The Attorney General's action was applauded by Bob Williams, president of the Evergreen Freedom Foundation, as a significant milestone in the ongoing investigation of WEA activities. The Foundation's audit of WEA operations, conducted at the request of teachers, uncovered $4.2 million in campaign spending violations and triggered the state's own investigation.

> *The Foundation's audit of WEA operations, conducted at the request of teachers, uncovered $4.2 million in campaign spending violations and triggered the state's own investigation.*

Teacher complaints were directed at the WEA's so-called Community Outreach Program, a special fund that illegally deducted more than $1.4 million from teacher paychecks. The fund was established by WEA leadership after 73 percent of Washington State voters passed an initiative mandating that employers obtain prior written informed consent before political deductions are taken from employee paychecks. When the number of contributors to WEA's political action committee dropped from 48,000 to 8,000, mandatory payroll deductions were instituted by the union for its purportedly nonpolitical Community Outreach Program.

In fact, the outreach program was "an internal ploy to raise more WEA-PAC money," admitted WEA lobbyist Robert Maier in a deposition. The Attorney General agreed and filed suit against the union, contending that the Community Outreach Program's "primary purpose was to influence the political process by supporting or opposing candidates and ballot measures."

Michigan's "Reverse Check-Off" Illegal

The 6th U.S. Circuit Court of Appeals ruled earlier this year that Michigan unions cannot use a "reverse check-off" system to fund their political activities. The reverse check-off had made it possible for unions to make payroll deductions to fund their political action committees, without the consent of employees, at the same time union dues were deducted. The deductions automatically delivered $3.9 million to the state teachers union PAC every election cycle.

The reverse check-off procedure was banned by Michigan legislators in 1994, but a restraining order held off implementation until January 7, 1997, when the Appeals Court upheld the ban. Michigan unions must now obtain permission from employees annually before deducting the PAC contributions.

The ruling is a victory for union members who object to funding political activities that they do not support. For example, while the National Education Association PAC spent 99 percent of its funds to support Democratic candidates in the 1995-96 election, only 42 percent of NEA members identify themselves as Democrats, according to a recent survey.

Indiana, Pennsylvania Buck Unions, Too

On January 22, the Indiana Court of Appeals threw out the long-standing forced-dues provision of the Indiana State Teacher Association and National Education Association contract, branding the provision an unconstitutional violation of teachers' First Amendment rights. The ruling means that teachers who have chosen not to become union members are no longer obligated to pay union dues.

The ruling may permit teachers to reclaim all dues illegally deducted by the unions since 1993.

A few days before the Indiana court's decision, attorneys for the National right to Work Legal Defense Foundation had announced that federal courts will force teachers unions in Pennsylvania to open up their financial records for a full investigation into accusations of illegal spending of compulsory union dues. The ruling in this case, by Judge William Caldwell of the United States District Court for the Middle District of Pennsylvania, will allow teachers to receive a refund of all illegally deducted compulsory union dues.

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Do Teachers Unions Have a Positive Influence on the Educational System?
Bob Chase, president of the NEA, and Myron Lieberman, author and education expert, square off. (*Insight, October 21, 1996, 4 pp.*)

Call 847/202-4888
Request document #2180106

Environment

Jonathan H. Adler

Jonathan H. Adler is director of environmental studies at the Competitive Enterprise Institute.

Clearing the Air on EPA's New Regs

It did not take long after the election for the Environmental Protection Agency (EPA) to swing into high gear. Last November, in what may be the Agency's most controversial regulatory proposal ever, the EPA proposed dramatically tightening federal air quality standards for ozone (smog) and particulates (soot).

If these new standards go into effect, they will force hundreds of cities to impose costly new environmental regulations. Those regulations could include controls on emissions from automobiles, bakeries, printing shops, and the use of consumer products. For this reason, the rules have been heavily criticized by governors, local government officials, consumer groups, and industry.

In what may be its most controversial regulatory proposal ever, the EPA proposed dramatically tightening federal air quality standards.

The primary criticism of the rules is their weak scientific foundation. There is little evidence that the EPA's new standards will save the thousands of lives that the Agency claims. Moreover, the EPA ignored its own research suggesting that the new regulations could have harmful side effects. Even from a pure public health standpoint, it is possible that the new EPA rules may do more harm than good.

Particulate Matter

The EPA currently regulates airborne particulates that are 10 microns in diameter or less (so-called "PM10"). The new proposal would establish an additional standard for concentrations of particulates that are 2.5 microns in diameter or less. The EPA is seeking to regulate PM2.5 because some scientists believe that smaller particles are a greater threat to human health.

The particulate rule is based on a handful of epidemiological studies that purport to show a link between existing levels of particulates in the air and increased mortality. The problem is that these studies are relatively weak. Not only did they not adequately account for confounding variables that have been associated with premature death, including fitness and nutrition, but the reported correlation between increased air pollution levels and premature death was very weak.

Epidemiologists are generally skeptical of scientific studies that document a very small relative risk. The National Cancer Institute, for one, discounts studies that report a relative risk of 2.0 or less. The two primary studies relied upon by the EPA reported relative risks of only 1.17 and 1.26. According to NCI, such results "may be due to chance, statistical bias, or the effects of confounding factors that are sometimes not evident."

The EPA is aware of the scientific uncertainty surrounding the particulate standard, but decided to proceed anyway. According to its own estimates, partial attainment of the standard will cost $6 billion per year. The EPA cannot estimate the cost of fully meeting the new standard, as the Agency does not know how the standard can be met.

Ozone

The scientific understanding of the health effects of ground-level ozone is more clear, and that is part of the problem. High summertime ozone levels can cause discomfort among people who are especially active or suffer from asthma or some other condition that may make them extra-sensitive. But ozone does not kill. As a result, by the EPA's own estimates, the costs of lowering the ozone standard will significantly exceed the benefits to public health, by as much as two to one. Indeed, the economic costs of the proposed ozone rule are so severe, that the ozone standard may actually *harm* public health.

In addition, the EPA ignored its own findings that reductions in ground-level ozone could lead to an increase in ultraviolet-B radiation. Similar concerns led the EPA to zealously pursue the phase-out of all substances suspected of damaging the stratospheric ozone layer. Whether the EPA's concerns about UV-B are overstated or not, it is troubling that scientific claims made to support one set of regulations can be cavalierly discarded when the Agency is regulating something else.

There is also real concern that tightening the standard significantly could make it extremely difficult, if not impossible, for some parts of the country to comply. The General Assembly of Rhode Island expressed this concern in a resolution that read in part, "lowering the [standard] for ozone may well preclude Rhode Island from ever achieving attainment, thus imposing significant and long lasting economic, administrative and regulatory burdens on citizens . . . their businesses and their governments." But as with the particulate standard, the feasibility of complying with the new regulation was not EPA's concern.

A near-record 25,000 people submitted comments on the EPA's new regulations. A decision on whether to adopt them is due this summer. In the meantime, the public debate over the new standards, and their likely effects, will rage on.

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Socio-Economic Study of Possible Eight-Hour Ozone Standard
A study by Sierra Research suggests significant societal changes would be necessary to meet EPA's tighter ozone standard.

Call 847/202-4888
Request document #2305302 (17 pp), #2305303 (15 pp.)

Beware KidCare

Michael Tanner & Naomi Lopez

Michael D. Tanner is director of health and welfare studies and Naomi Lopez is an entitlements policy analyst with the Cato Institute.

Like the monster in a Hollywood horror film, the idea of government-run health care never seems to stay dead for long. Proponents of its latest manifestation, KidCare, are fabricating a crisis of uninsured children to promote a new multi-billion-dollar health care entitlement program for families earning as much as $75,000 per year.

Senator Tom Daschle (D-South Dakota) recently announced a proposal that would subsidize 90 percent of private health insurance premiums for families with annual incomes up to twice the federal poverty level, with smaller subsidies for wealthier families. A proposal unveiled by Senators Edward Kennedy (D-Massachusetts) and John Kerry (D-Massachusetts) would establish federal-state-private partnerships in which states, using federal dollars, would purchase private "child-only" coverage at an annual cost of about $9 billion. Senator Arlen Specter (R-Pennsylvania) offered a similar proposal.

The catalyst for KidCare is the supposed explosion in the number of children lacking health insurance and, therefore, presumably receiving inadequate care. But in reality, the share of U.S. children who are uninsured rose by less than 1 percentage point from 1990 to 1995, from 13.0 percent to 13.8 percent—hardly an explosion. Of the 10 million children who lack health insurance, 3 million are eligible for, but not participating in, Medicaid, the federal-state health insurance program that covers children of families whose incomes fall below 130 percent of the poverty line. It is estimated that another 1.5 million uninsured children live in households with incomes over $40,000 per year. Moreover, most uninsured families lack insurance for only a brief period. Over half of all uninsured Americans go without insurance for less than six months. Furthermore, KidCare proponents fail to distinguish between health insurance and access to health care.

Lack of health insurance does not necessarily preclude children from obtaining health care. Federal, state, and local governments operate countless programs to promote health. Health services for poor children are specifically targeted by dozens of those programs, including the Maternal and Child Health Services Block Grant to the States, the Residents of Public Housing Primary Care Program, Childhood Immunization Grants, and Emergency Medical Services for Children. If a KidCare proposal is signed into law, will the sponsoring senators be willing to eliminate such federal health care programs, or will they continue on the historic path of jacking up the amount of money taxpayers spend on national health care programs?

The answer for uninsured children—indeed for uninsured Americans of all ages—lies not in a massive and expensive new federal intrusion into the health care system, but in changing the tax treatment of health insurance. Currently, employer-provided health care is purchased with tax-free dollars, while workers who purchase health insurance on their own must do so with after-tax dollars. That difference in tax treatment creates a disparity that effectively doubles the cost of health insurance for people who must purchase their own.

For example, a small business might purchase each employee a $4,000 health insurance policy using tax-free dollars. A person working for a small business that offers no health insurance would have to earn over $8,000 before taxes to pay for the same $4,000 policy. As a result, Americans have been increasingly driven to pay for their health care through third-party insurers and to purchase insurance through their employers. That, in turn, has led to rising health care costs and made it more difficult for Americans without employer-provided insurance to obtain coverage.

> *Supporters of free-market health care reform must put forward a bold and comprehensive program of their own, one firmly based in free markets and individual choice.*

Congress took the first tentative step toward alleviating that problem last year by enacting a limited pilot program of medical savings accounts, under which individuals may spend pretax dollars, drawn from their own personal accounts, on routine health care expenses. One of the best things Congress could do for children this year would be to expand that program.

For proponents of KidCare, the issue is as much a political as a medical one. They want to force members of Congress to vote on the emotionally charged question, "Are you for or against health insurance for children?" As one union official put it, "We want to use KidCare the way we used Medicare last year." Supporters of free-market health care reform should not get caught in that trap.

Supporters of free-market health care reform cannot afford to debate socialized medicine issue by issue. They must put forward a bold and comprehensive program of their own, one firmly based in free markets and individual choice. Changing the tax treatment of health care would be a good place to start.

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Health Care: How Much? Who Pays?
The major problems with our current health care system are economic, not medical. (*American Institute for Economic Research, August 1996, 4 pp.*)

Call 847/202-4888
Request document #3200104

Chip Mellor & Clint Bolick

Chip Mellor and Clint Bolick are co-founders of the Washington, D.C.-based Institute for Justice, which litigates nationwide in support of economic liberty.

How Laws Kill Entrepreneurship

As is true of most entrepreneurs across the USA, the dreams of New Yorker Vincent Cummins are modest. All he wants to do is transport his neighbors to and from work, affordably and reliably.

In many parts of Brooklyn, public buses are undependable, taxis difficult to find, and automobiles beyond the means of many. An enterprising individual, Cummins tried to work within the city's bureaucracy to get his company on the road. A simple enough ambition, but New York—like many other city governments—makes entrepreneurs run a challenging regulatory gauntlet to pursue their dreams.

To begin with, although some 30,000 people currently use such vans daily, New York bans any service that competes with its public bus monopoly. And it permits van services to pick up passengers only on a prearranged basis.

Even within these restrictions, Cummins has struggled for five years to navigate the regulatory maze. He has had to prove his vans are well-maintained and insured, his drivers trustworthy and competent, and—the biggest obstacles of all—that the public mass transit system is "inadequate" and that "public convenience and necessity" require his service.

Cummins collected nearly 1,000 supportive statements from politicians and commuters, all expressing the need for his yet-to-be-licensed Brooklyn Van Lines. But bowing to pressure from the public transportation union, the City Council Transportation Committee rendered its verdict: application denied.

In a series of reports released by the Institute for Justice, we document examples from numerous cities of over-reaching government regulations that hamper honest enterprise. Consider these:

- African hairbraiders in California face 1,600 hours of mandatory cosmetology training (none of which actually teaches hairbraiding) to obtain the license to legally braid hair. Many cannot afford such an investment and therefore operate illegally.

- In Boston, starting a taxi business is virtually impossible: the number of authorized taxis was set in 1930 and has remained virtually unchanged ever since.

- In Baltimore, the city operates a public monopoly for trash pick-up. By contrast, neighboring Baltimore County allows 49 private companies to compete to provide trash removal, with high customer satisfaction.

- In Charlotte, it is illegal to sell home-made baked goods or handicrafts.

- Storefront businesses in inner-city Detroit that seek to improve or even slightly expand their businesses find that the permit required by the city forces them to provide off-street parking as a condition, even though there is no lack of parking in the neighborhood.

Under the new welfare law, cities and states must move low-skilled people off welfare rolls into jobs. Job creation that produces a dynamic array of entry-level opportunities, particularly in America's urban areas, must be a national priority.

But before politicians seek to create new government employment programs, they would do well to adopt an economic Hippocratic oath: "First do no harm." In cities across the USA, entry-level job seekers today find that the greatest obstacles are often erected by government. Removal of government-created barriers to honest work would unleash entrepreneurial job creation targeted to individuals of modest means.

Removal of government-created barriers to honest work would unleash entrepreneurial job creation targeted to individuals of modest means.

Many licenses bear no relationship to legitimate public health and safety concerns. Some arbitrarily limit the number of people who can perform certain jobs. They become the means by which one group obtains a monopoly over an industry at the expense of both consumers and would-be competitors.

While some entry-level entrepreneurs abandon their efforts, others persevere but operate underground, where they are subject to arrest, fines, and confiscation. As long as they remain economic outsiders, they can never advertise or obtain the capital needed to expand their businesses and employ others.

We should do everything possible to foster community-based enterprises currently held hostage to archaic and arbitrary laws. Cities and states should review all licensing and permitting laws and eliminate those that are not carefully tailored to serve legitimate public health and safety purposes. Courts should strike down those that deny essential economic liberty: the right to earn an honest living.

Welfare reform makes such efforts urgent and imperative. In a nation whose moral claim is staked in freedom of enterprise, regulatory barriers that stand in opportunity's way must be removed.

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Barriers to
Entrepreneurship in Cities
A memorandum and trio of articles outline the effect of excessive regulation on entrepreneurs in America's big cities. (*Institute for Justice, December 1996, 4 pp.*)

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Privatization

William Eggers & Adrian Moore

Eggers directs the Privatization Center, and Moore is the Associate Director of Economic Studies, at the Reason Foundation.

Welfare Reform Presents New Privatization Opportunities

State governments currently spend nearly $30 billion a year just to administer their welfare programs. But federal welfare legislation passed in August 1996 now gives states considerable flexibility in using private contractors to deliver welfare services for less cost. According to a survey by the American Public Welfare Association, over 30 states are considering or have already contracted with private companies to deliver such services as screening welfare applicants and running welfare-to-work programs.

Welfare Administration

In California, Governor Pete Wilson included a provision in his welfare reform plan allowing counties to "enter into performance-based contracts with nonprofit or for-profit companies to operate all or parts of their welfare programs." Wilson plans to allow local government officials discretion over how they will meet strict schedules for moving welfare recipients into the work force. California already uses private contractors in its welfare system for such tasks as bookkeeping, delinquent child support collection, and computerized record maintenance.

> *Typically, welfare-to-work contracts are performance-based: the state pays the firm only for those clients actually placed in jobs.*

Wisconsin is implementing a similar plan, and has attracted such charities as the United Way and Goodwill Industries. In Milwaukee County, for example, welfare applicants will be screened, trained, and placed in jobs by the employees of a private company. Other Wisconsin counties are contracting for eligibility determinations, case management, employment, and other welfare-related services.

Texas has made the boldest proposal to date. It has put out to bid a five-year contract to run its $550 million state welfare system. Texas hopes to cut the costs of managing its 30 social programs and 690,000 welfare recipients by 25 to 40 percent through competitive contracting. The winning bidder will take over all services, including determining eligibility and making payments. Potential contractors will be expected to reduce fraud and duplication of services through better management and technology. Service delivery is also expected to improve because the winning bidder will be required to offer "one-stop shopping" for services such as food stamps, welfare payments, and community care.

Of course, not all welfare privatization is on as grand a scale as in Texas. The town of Newport, New Hampshire, with a population of 6,100, closed down its welfare department in June 1996 and contracted with a local nonprofit group to provide one-stop shopping for welfare services. The contract with Community Alliance of Human Services is saving the town 50 percent. Each applicant for aid fills out just one set of papers; when they're back on their feet, they're required to repay the town.

Welfare-to-Work

With the new federal welfare reform law requiring states to place 50 percent of aid recipients in jobs within five years, welfare-to-work programs provide another promising area for privatization.

Typically, welfare-to-work contracts are performance-based: the state pays the firm only for those clients actually placed in jobs. For example, America Works is paid roughly $1,000 when a client is placed in a job, and $4,500 if the client stays on a full-time job for at least six months.

Kenosha County in Wisconsin has funded a multi-provider job center for welfare recipients since 1990. Services related to job training, placement, and retention are available at the center. Although the center emphasizes a cooperative approach to delivering services, the 18 private providers at the center compete against each other for contracts.

In San Francisco, welfare recipients without small children are now required to attend an employment and training program administered by Nebraska-based Curtis & Associates (though welfare department staffers are still employed by the city Human Services Department). Every month, the company places between 40 and 60 "graduates" of its program in jobs; the program has a dropout rate of only 17 percent—20 percent better than when the city ran the program.

Public-sector labor unions oppose the privatization of welfare reform. For example, Anne Arnesan, director of the Council on Children and Families in Wisconsin, told the *Los Angeles Times*, "I still have trouble with the whole concept of making a profit on the backs of the poor." In response to such criticism, some privatization contracts, such as those in Wisconsin, set limits on maximum profits. Nevertheless, policy makers can expect growing resistance from public unions as more states explore turning welfare over to the private sector.

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Effective Compassion
During the nineteenth century, before the government got involved, there was a war on poverty far more successful than our own. (*Family Research Council, February 1996, 13 pp.*)

Call 847/202-4888
Request document #9200202

Regulation

The Ultimate Entitlement

Murray Weidenbaum

Murray Weidenbaum is chairman of the Center for the Study of American Business.

Politicians of all stripes compete for public favor by offering an almost endless array of expensive enticements. Voters can choose from a wide variety of tax cuts, new spending proposals, and expanded regulation in an effort to achieve all the good things that Americans are supposedly entitled to—more education outlays, safer neighborhoods, more health care, a cleaner environment, a more modern military establishment, and other worthy causes. Any detached observer of the political process must conclude that Santa Claus has serious competition in the give-away department.

Nevertheless, no matter how eager they may be for electoral success, all political candidates demonstrate a great deficiency of imagination. Despite their long lists of "goodies" aimed at different interest groups, no one now running for office has had the audacity to promise the voters that they will provide the ultimate entitlement, which, of course, is happiness.

> *Any detached observer of the political process must conclude that Santa Claus has serious competition in the give-away department.*

What would be more enticing to wavering voters than a Full Happiness Law? Who could oppose such a progressive measure? It would be necessary, of course, to do much more than merely promulgate a full quota of happiness to every American. Having participated in transition planning for several presidents, I understand the importance of developing the detailed positions in advance.

For starters, the effort would require the establishment of a new cabinet-level Department of Happiness. The Secretary of Happiness would be charged with the responsibility for promptly and fairly distributing happiness across the nation. An obvious array of subdivisions would be necessary, under the supervision of the inevitable assortment of deputy secretaries, undersecretaries, assistant secretaries, deputy undersecretaries, assistant deputy secretaries, and so forth.

Surely, at the outset, a substantial group of talented sociologists and lawyers would have to be recruited to staff the section charged with defining what happiness is and then determine how full is full. Another section, boasting an array of economists and political scientists, would wrestle with a host of more specific questions: What is the desirability of privatizing the federal responsibility? Should happiness stamps be distributed to each citizen? What role would there be for vouchers? Who regulates the happiness providers? Should they be in the public sector or the private sector?

A very large division, comprised primarily of statisticians and market researchers, would be required to survey the populace to determine the current state of happiness. They also would be charged with identifying any shortfalls to be filled. A closely related division would have the responsibility of developing the specific programs, which can be drawn upon to close the gap between the status quo and full happiness. This activity clearly would require a large retinue of engineers and scientists as well as philosophers.

The largest division of the new department would be charged with carrying out the programs that provide the requisite amounts of happiness to each of our citizens (or will the effort cover *all* residents, legal and otherwise?). A great variety of talents would be required for this endeavor, ranging from experienced bureaucrats to broad-gauged manufacturing experts to providers of transportation and communication services. Clearly, the provision of full happiness would help to generate full employment in the United States, aside from any feedback possibilities.

> *The largest division of the new department would be charged with carrying out the programs that provide the requisite amounts of happiness to each of our citizens.*

Finally, an investigative division would be set up to ferret out those recalcitrant individuals who are not taking full advantage of the programs and benefits of the Department of Happiness. Suitable punishments, of course, would have to be devised and executed (perhaps an unfortunate choice of words). Volunteers could be relied upon to carry out this last activity. After all, how could full happiness be achieved without full citizen participation?

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Regulation's Trillion-Dollar Drag on Productivity
Declines in U.S. labor productivity have largely been caused by an increase in regulation. (*Center for the Study of American Business, March 1996, 13 pp.*)

Call 847/202-4888
Request document #7212408

Taxes

No State Income Tax?

Stephen Gold

Stephen Gold is associate director and director of communications of the Tax Foundation.

No state income tax? Don't fret—your state is still collecting from you!

Even states without income taxes collect tax revenues—and plenty of them, at that. According to the Tax Foundation's latest state tax collections report, while 31 percent of 1995 state tax revenues came from individual income taxes, 33 percent derived from general sales and use taxes, and another 20 percent came from corporate income taxes, motor fuels excises, and licenses. (See chart.)

Personal income taxes. Three states—Massachusetts, New York, and Oregon—relied on personal income taxes for a preponderance of their 1995 tax collections. (Virginia's income tax collections, comprising 49.1 percent of the state's 1995 total collections, come very close to this mark.) On the other side of the spectrum, seven states—Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming—collected no personal income taxes from their residents in 1995.

General sales and use taxes. Six states—Florida, Nevada, South Dakota, Tennessee, Texas, and Washington—gain most of their revenues from general sales and use taxes. At the same time, five states—Alaska, Delaware, Montana, New Hampshire, and Oregon—took in no sales tax collections.

Corporate income taxes. Seven states collected more than 10 percent of their revenue from corporate state income taxes, with Alaska (27.2 percent) and New Hampshire (18.2 percent) topping this category. Four states—Nevada, Texas, Washington, and Wyoming—collected no corporate income tax revenue.

Among the state tax anomalies:

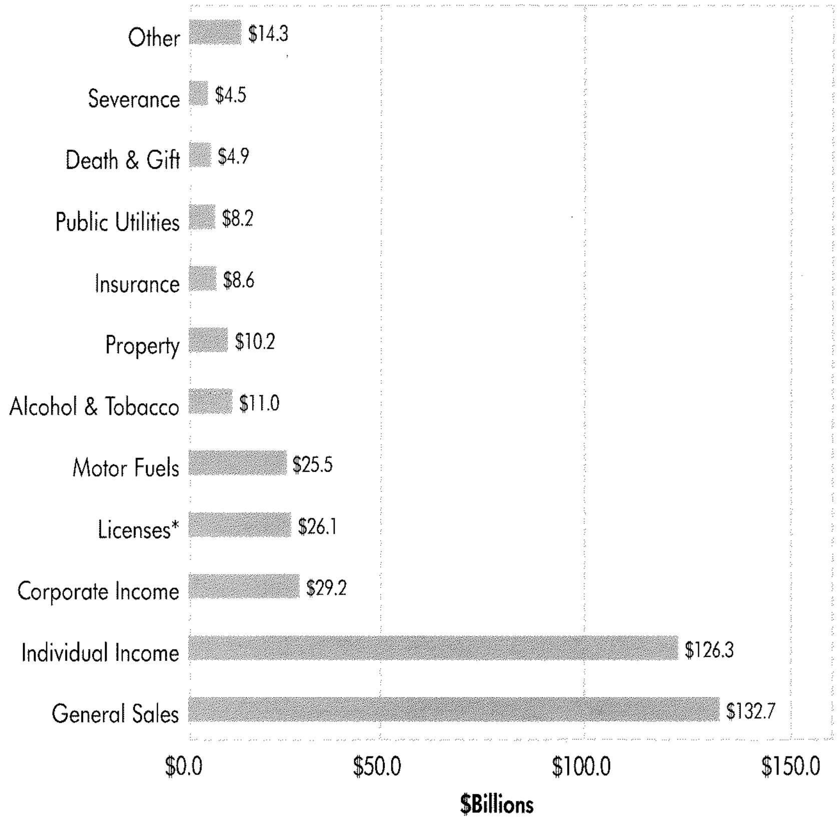
- Along with its state corporate income tax collections, Alaska relied on severance taxes from petroleum reserves for 60 percent of its state tax revenue. It has no state personal income or general sales tax collections.

- Delaware collected about a third of its state revenue from licensing fees.

- After its business profits tax, New Hampshire's biggest revenue-maker was its selective sales tax, imposed on such services as hotels, restaurants, and nursing homes.

- As a proportion of total state collections, Montana relies more on its motor fuel excises than any other state.

Distribution of Total 1995 State Tax Revenues by Source



*Includes, among other privilege taxes, motor vehicle, hunting/fishing/alcoholic beverage, public utilities, occupation, and business license fees.

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Tax Freedom Day 1996: May 7
In 1996, Tax Freedom Day fell on May 7, a day later and the latest ever. (*Tax Foundation, April 1996, 3 pp.*)

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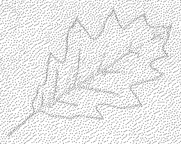

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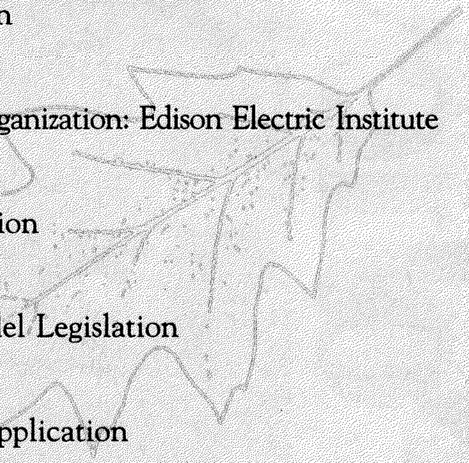

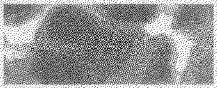

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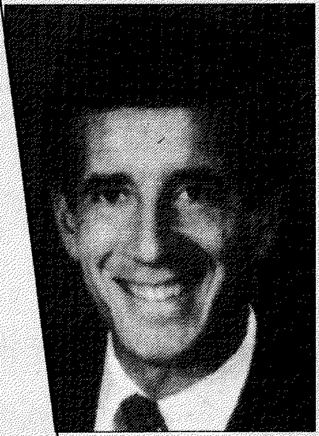

Sen. Chris Lauzen

Welcome to *PolicyFax Update*
by Senator Chris Lauzen (Illinois)

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Chris Lauzen
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Budget

Can Budget Rules Help Control the Growth of Government?

by Robert Krol

A look at the effect of budget rules on state governments suggests that such rules may be helpful in reducing the federal budget, provided they are strengthened.

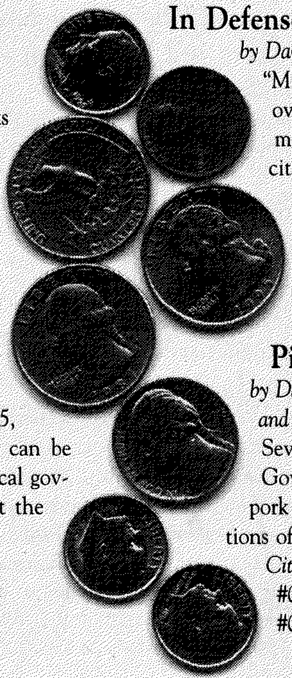
Jobs & Capital, Summer 1996
Milken Institute for Job & Capital Formation
#0808112 (4 pages)

Unfunded Mandates

by Richard M. Daley

Unfunded mandates imposed by federal and state governments create enormous costs for local governments. In 1995, federal mandate reform legislation limited the costs that can be imposed by future federal mandates. The next target for local government groups lobbying for relief is existing mandates at the state and federal levels.

Illinois Municipal Review, December 1996
Illinois Municipal League
#0865102 (1 page)



In Defense of Chaotic Federalism

by David C. Nice

"Mild chaos"—which aptly describes the American system of overlapping authority in federal, state, and local governments—is the key that keeps the government responsive to citizens and open to ideas.

Madison Review, Fall 1996
James Madison Institute
#0865412 (7 pages)

1996 Congressional Pig Book Summary

by David E. Williams
and Alex W. Adrianson

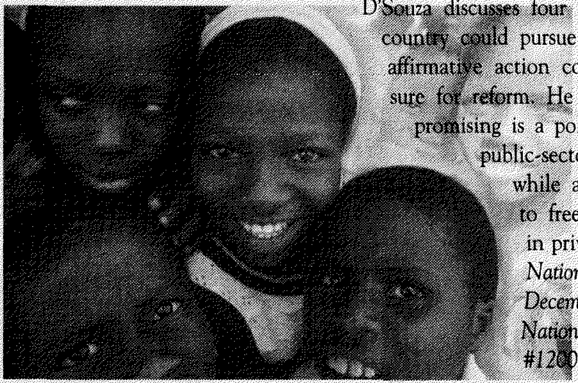
Seven criteria were used by researchers for Citizens Against Government Waste to identify more than $43.5 billion of pork barrel spending since 1991. The most recent misallocations of funds are documented in this new summary.

Citizens Against Government Waste, 1996
#0892301 (part 1, 12 pages)
#0892302 (part 2, 12 pages)

Civil Rights

Beyond Affirmative Action

by Dinesh D'Souza



D'Souza discusses four policies that the country could pursue as conventional affirmative action comes under pressure for reform. He argues the most promising is a policy that requires public-sector race-neutrality while allowing a return to freedom of contract in private transactions.

National Review, December 9, 1996
National Review Inc.
#1200115 (3 pages)

Rethinking Sexual Harassment: WFN's Third Annual Conference Wrap Up

by Elizabeth Fox-Genovese

The growing number of sexual harassment suits has frightened institutions into making hasty and bad decisions, such as the suspension from school of a seven-year-old boy for an uninvited kiss. Such actions undercut legitimate harassment complaints.

The Women's Freedom Network Newsletter, Fall 1996
The Women's Freedom Network
#1224104 (5 pages)

Frederick Douglass—Heroic Orator for Liberty

by Jim Powell

Critics may have considered Frederick Douglass stubborn and arrogant, but for more than fifty years he was a tireless crusader against the evils of slavery and for women's suffrage.

The Freeman, February 1997
Foundation for Economic Education
#1272401 (11 pages)

Crime

Casinos and Crime in Wisconsin: What's the Connection?

by William N. Thompson, Ph.D., Ricardo Gazel, Ph.D., and Dan Rickman, Ph.D.

In 1992, 1993, and 1994, crime rates in the fourteen Wisconsin counties with casinos were 6.7 percent higher than crime rates in non-casino counties. The higher crime rates in casino counties meant about 5,000 additional major crimes were committed each year in the state. Existing casinos should continue to operate but not expand, and additional casinos should not be chartered.

Report, November 1996
Wisconsin Policy Research Institute
#0828403 (part 1, 11 pages)
#0828404 (part 2, 11 pages)

Faith-Based Prison Programs Cut Costs and Recidivism

by Robert L. Maginnis

Though it costs society twice as much to let a prisoner loose as it costs to lock him up, prisoners still eventually return to the street. Religious programs that touch the inner man have greater success in reducing recidivism than do conventional rehabilitation programs.

Insight, October 17, 1996
Family Research Council
#1313401 (15 pages)

Drug War = Big Government

by Arianna Huffington

Conservative leaders have with unerring accuracy pinpointed the failures of big government anti-poverty programs. Why then are they blind to the same failures in the war on drugs?

The Drug Policy Letter, Fall 1996
Drug Policy Foundation
#1392113 (1 page)

Smack Happy: Who's Really Addicted to Dope?

by Jack Shafer

News reports paint an alarming picture of increasing heroin use. But dispassionate analysis of federal statistics indicates that heroin addiction is stable or declining.

The Drug Policy Letter, Fall 1996
Drug Policy Foundation
#1392112 (2 pages)

We Must Stop Compromising with Criminals

by Ralph Adam Fine

Plea bargaining allows criminals to get away with their crimes and can bludgeon the innocent into false guilty pleas.

Wisconsin Interest, Fall/Winter 1996
Wisconsin Policy Research Institute
1300108 (5 pages)

Economic Development

Ohio Senate Concurrent Resolution Regarding Incentive Wars Between the States

by Hon. Charles F. Horn,
6th Senate District

Federal funds are used by state governments to vie for new industrial development. The Ohio State Senate has asked the federal government to eliminate programs that help make these bidding wars possible. Includes a brief November 1996 *Governing* magazine article on the issue by Charles Mahtesian.

Senate Concurrent Resolution Number 21
Cover letter dated January 21, 1997
#1900601 (5 pages)

Entrepreneurship

Local Regulations Stifle Inner-City Entrepreneurship in Ohio Cities

by Sam Staley

Regulations make it virtually impossible to begin even a part-time taxi service in any Ohio city. Regulations smother fledgling entrepreneurs in many lines of business and should be re-examined by local officials concerned about the economic development of their cities.

Perspective on Current Issues, January 1997
The Buckeye Institute for Public Policy Solutions
#1920101 (3 pages)

Barriers to Entrepreneurship in Cities

by Nina Shokraii

A memorandum and trio of articles from *USA Today*, *The New York Times*, and *The Wall Street Journal* outline the effect of excessive regulation on entrepreneurs in America's big cities.

December 18, 1996
Institute for Justice
#1920301 (4 pages)

Entrepreneurship in Charlotte: Strong Spirit, Serious Barriers

by Clint Bolick

Compared with many local governments, the city of Charlotte has a business-friendly environment. Even so, the regulations faced by a new business are confusing, burdensome, and do not protect the public. A comprehensive review of regulations affecting businesses would improve the city's business climate.

Report, 1996
Institute for Justice
#1920404 (part 1, 12 pages)
#1920405 (part 2, 10 pages)

Economic Development

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Free Trade

Why Free Trade Is Good for America

by Bryan T. Johnson

The United States is an economic powerhouse, and trade has grown from 9 percent of GDP in 1960 to 23 percent today. Experience shows that countries that pursue free trade are more likely to grow wealthy than those that do not.

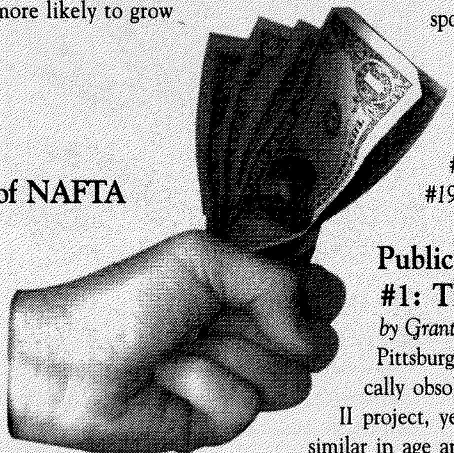
F.Y.I. No. 127, January 23, 1997
The Heritage Foundation
#1980119 (5 pages)

A Dynamic Macroeconomic Analysis of NAFTA

by Michael A. Kouparitsas

Describes a dynamic economic model that takes into account capital flows more effectively than previous models. The analysis shows that all three North American economies gain from NAFTA, with Mexico realizing the largest expansion.

Economic Perspectives, January/February 1997
The Federal Reserve Bank of Chicago
#1980428 (part 1, 13 pages)
#1980429 (part 2, 10 pages)



Sports Stadiums

Field of Bad Dreams: An Analysis of the Forbes Field II Task Force Final Report

by Grant Gulibon

The economic benefits associated with professional sports are negligible; taxpayer support for this new stadium will mostly benefit the Pirates owners and players.

Report #96-13, July 1996
Allegheny Institute for Public Policy
#1976424 (part 1, 13 pages)
#1976425 (part 2, 13 pages)

Public-Private Promises #1: Three Rivers Stadium

by Grant Gulibon

Pittsburgh's Three Rivers Stadium is deemed "economically obsolete for baseball" by boosters of the Forbes Field II project, yet privately owned Busch Stadium in St. Louis, similar in age and design, has generated profits every year since its opening.

Report #96-14, July 1996
Allegheny Institute for Public Policy
#1976426 (part 1, 9 pages)
#1976427 (part 2, 11 pages)

Economy

An Agenda for Economic Freedom

by Merrill Matthews Jr.

The 105th Congress needs an agenda similar to the Contract with America. A broad commitment to expanded economic freedom can provide that agenda.

Brief Analysis, January 27, 1997
National Center for Policy Analysis
#2000302 (2 pages)

Education

Why Traditional Education Is Progressive

by E. D. Hirsch, Jr.

Through traditional education poor children can understand and master the dominant culture. "Progressive" education hurts the poor even more than the rich.

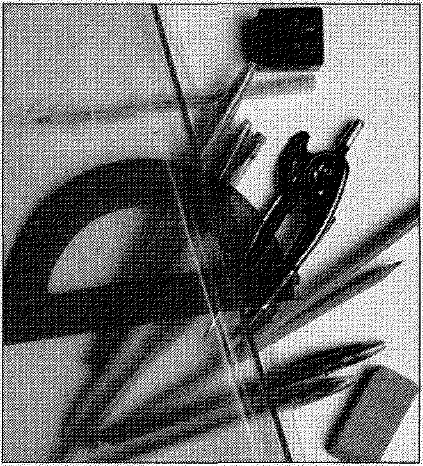
The American Enterprise, March/April 1997
American Enterprise Institute
2113114 (4 pages)

Class Size Reduction Is Not the Answer to Nevada's Failing Education System

by Erica Olsen

Nevada schools are in need of improvement, but based on the experience of other states, Governor Bob Miller's proposal for class size reduction in grades K-3 receives a failing grade.

Issue Brief, February 5, 1997
Nevada Policy Research Institute
#2110101 (2 pages)



The Key to Literacy

by Gina Dalfonzo

Resuscitated under the "whole language" moniker, the look-and-say method of reading instruction continues to produce functional illiterates, four decades after the publication of "Why Johnny Can't Read." Phonics drills, by contrast, produce competent readers, and there is hope that such instruction will return to schools in the future.

Insight, October 1996
Family Research Council
#2113410 (10 pages)

Cutting through the Baloney of Education Finance Reform

by Tim Day

Arizona's 150 charter schools are accountable to their customers, and the state's remaining public schools should be brought under that same discipline. Funding through the old property tax will not support such a reform.

Perspective on Public Policy, January 28, 1997
Goldwater Institute
#2124104 (2 pages)

Why Is Public Education Failing?

by Tom DeWeese

The root cause of the failure of public education is the substitution of political and psychological propaganda for basic academics.

The DeWeese Report, February 1997
American Policy Center
#2166109 (4 pages)

The Movable School

by Elizabeth Wright

For 23 years Thomas Campbell traveled through the South as a representative of the Tuskegee "Movable School," teaching improved agricultural techniques, the importance of sanitation in prevention of disease, and the virtues of economic self-sufficiency.

Issues & Views, Summer 1995
Issues & Views Open Forum Foundation
#2172108 (7 pages)

Public Education's Myth of Local Control

by Jeffry L. Flake

Local control of schools by school boards in Arizona is a myth due to state interference. Giving parents control of the funds they need to purchase their child's education is necessary to make schools improve.

Perspective on Public Policy, January 15, 1997
Goldwater Institute
#2176107 (2 pages)

Vouchers

School Choice Would Fare Better Under Vouchers Than Tax Credits

by Andrew Cline

One justification for public financing of education is that it perpetuates democratic values. Vouchers would assure that students will be inculcated with the ideas of that system.

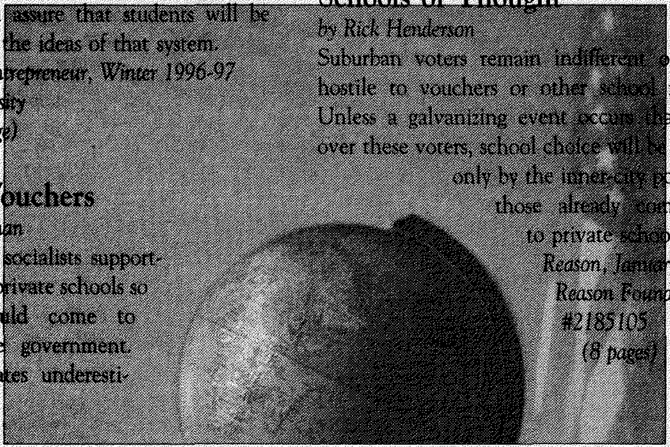
The Campbell Entrepreneur, Winter 1996-97
Campbell University
#2185103 (1 page)

Why Not Vouchers

by Sheldon Richman

Britain's Fabian socialists supported subsidies for private schools so that they would come to depend on the government. Voucher advocates underestimate the danger of governmental interference in education.

The Campbell Entrepreneur, Winter 1996-97
Campbell University
#2185104 (2 pages)



Schools of Thought

by Rick Henderson

Suburban voters remain indifferent or even hostile to vouchers or other school reform. Unless a galvanizing event occurs that wins over these voters, school choice will be sought only by the inner-city poor and those already committed to private schooling.

Reason, January 1997
Reason Foundation
#2185105
(8 pages)

Employment

A Modest Proposal to Reduce Nebraska's Unemployment Compensation Tax Fund Surplus

by Dr. Judd W. Patton

Nebraska's unemployment compensation fund is carrying a surplus equal to 42 months of unemployment benefits. Reducing this to 21 months would allow a tax cut and stimulate production and job creation.

Issue Paper, January 1997
Constitutional Heritage Institute
#2293402 (19 pages)

Minimum Wage

Reexamining the Minimum Wage

by Madeline Zavodny

The effect of raising the minimum wage may simply be to raise the wages of middle-class teens while hurting the employment prospects of the working poor.

Southwest Economy, November/December 1996
Federal Reserve Bank of Dallas
#2250105 (4 pages)

Q: Should Cities and States Raise the Minimum Wage by Referendum?

by Maud Hurd and Richard Berman

The Association of Community Organizations for Reform Now (ACORN) has turned to the local referendum as a way to encourage local governments to mandate increases in the minimum wage. One ironic revelation in this exchange is that ACORN has itself sought an exemption from California's minimum wage.

Insight, January 20, 1997
#2250106 (4 pages)

Workers' Compensation

The Workers' Comp Tug of War

by Penelope Lemov

Several state workers' compensation systems have been reformed in recent years. Costs for business are down and claims are paid more quickly, but rule tightening has cut worker eligibility and payouts.

Governing, January 1997
Congressional Quarterly Inc.
#2293101 (2 pages)

Understanding Workers' Compensation in Washington

by Elaine R. Davis

Washington's state-operated industrial insurance system may result in higher rates to employers, but the key flaw is its unusual structure, which makes it difficult to establish true comparisons with rates in other states.

Report, December 1996
Washington Institute for Policy Studies
#2293403 (part 1, 16 pages)
#2293404 (part 2, 14 pages)

Environment

Tobacco

You Don't Own Joe's Bar and Grill

by John Robson

A recent Toronto ban on smoking in "public" (ie: privately owned) places has met with approval from the local press, but the ban assaults property rights and reduces the range of choices available to consumers.

Fraser Forum, December 1996
The Fraser Institute
#2380120 (2 pages)

What's the Hook?

by Richard J. DeGrandpre

Smoking is said to be addictive, and today's belief is that addiction is a pharmacological phenomenon. But until the psychosocial aspects of addiction are acknowledged, it is unlikely that progress against addiction will be made.

Reason, January 1997
Reason Foundation
#2380121 (3 pages)

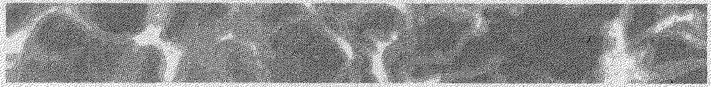
Dole's Unwelcome—But True—Views on Tobacco

by Jacob Sullum

Senator Dole was criticized for stating that some people are easily addicted to tobacco, while others are indifferent. The news media regards smoking as an evil that must be stamped out and portrays all opposition to tobacco regulation as unprincipled.

The Drug Policy Letter, Fall 1996
Drug Policy Foundation
#2380122 (2 pages)

Environment



Much Pain, Little Gain

by Jeffry Flake and Robert Franciosi

If the goal of automobile pollution control is cleaner air, the state of Arizona should focus its enforcement efforts on the 10 percent of cars that cause 50 percent of air pollution. Emissions-based registration fees are the answer.

Perspective on Public Policy, January 27, 1997
Goldwater Institute
#2303119 (2 pages)

1996 Satellite Temperatures Debunk Predictions of Global Warming

Under Secretary of State Tim Wirth said that "the science is over" on global warming, but new NASA observations show that 1996 was the coldest year in a decade.

Press Release, January 9, 1997
Western Fuels Association Inc.
#2329154 (2 pages)

Dances with Myths

by Terry L. Anderson

Myths about the spirituality of the American Indian's relationship to the environment fuel mistaken policies and patronize Indian tribes. The White Mountain Apache have developed entrepreneurial and managerial expertise that benefit wildlife and the tribe.

Reason, February 1997
Reason Foundation
#2355102 (6 pages)

Disposing of Surplus Plutonium: The Pledge to Destroy Plutonium

Surplus plutonium from unneeded warheads could be disposed of by conversion into mixed oxide fuel for nuclear power plants. This is important in securing Russian cooperation as the material is a valuable resource. Includes a memo to the media and brief articles from the *Chicago Tribune* and *The New York Times*.

Fact Sheet, January 8, 1997
Nuclear Energy Institute
#2356106 (6 pages)

Five Major Myths About Garbage, and Why They're Wrong

by William Rathje and Cullen Murphy

Would you believe that America's trash for a millennium could fit in a landfill 120 feet deep and 44 miles square? A 20-year study shows that popular understanding of the country's trash "crisis" does not correspond to reality.

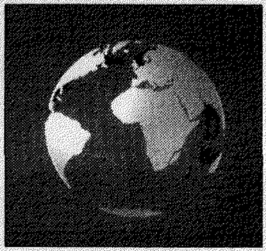
Smithsonian Magazine, July 1992
Smithsonian Institution
#2377423 (7 pages)

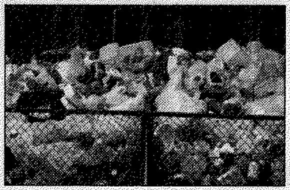
Eco-Sanity: Environmentalism Beyond the Hype

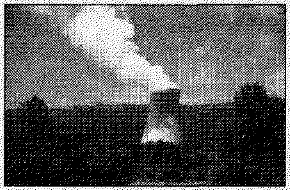
by Joseph Bast

Mainstream environmentalist groups, according to Bast, have lost their direction due to a fatal attraction to crisis politics (like the Alar scare) driven by junk science, and a misplaced trust in large-scale government solutions. Bast debunks these fallacies and suggests that conservatives and libertarians must become better informed about environmental issues and involved with reputable and rational environmental groups so that these fallacies do not pass unchallenged.

Sutherland Speeches, October 1996
The Sutherland Institute
#2394203 (11 pages)







Family/Culture

Adoption Policy and Unmarried Couples
by Gracie S. Hsu

Studies indicate that children reared by married couples are less likely to experience abuse in childhood and have fewer social problems in adult life. An ample number of couples waiting to adopt makes it desirable to give strong preference to lawfully married couples in adoption placements.

Insight, December 1996
Family Research Council
#2406402 (7 pages)

Welfare and the Culture of Poverty
by William A. Niskanen

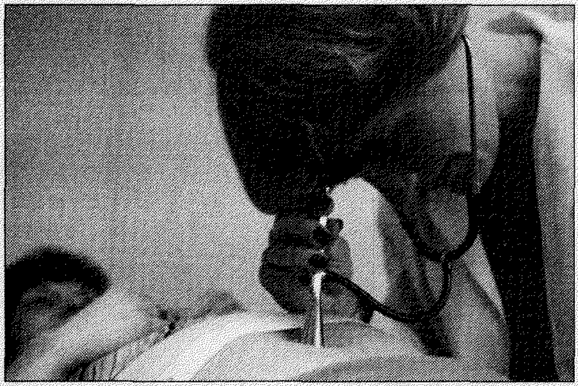
Poverty, illegitimacy, crime: these pathologies associated with welfare are unacceptable not because of the monetary cost, but because of the damaging effects on society.

Cato Journal, Spring/Summer 1996
Cato Institute
#2428407 (15 pages)

Why the Traditional Family Will Never Become Obsolete
by Karl Zinsmeister

The traditional family has been derided by some as a comfortable concentration camp. Statistically though, traditional families are the most stable and nurturing environments for children.

The American Enterprise, March/April 1997
American Enterprise Institute
2432101 (6 pages)



The Mother of All Welfare Problems
by Ellen Perlman

The link between teen pregnancy and welfare is well established. Some who work with adolescents are trying to break that link by changing young people's attitudes toward early sexual activity.

Governing, January 1997
Congressional Quarterly Inc.
#2460101 (5 pages)

Abortion

Partial-Birth Abortion
by Congressman Henry Hyde

Hyde pleads for an override of President Clinton's veto of a partial-birth abortion ban on the grounds that the procedure amounts to state-sanctioned infanticide.

Inside Illinois, March/April 1997
Illinois Christian Coalition
#2404110 (3 pages)

Abortion Funding in the States
by Deborah R. McFarlane and Kenneth J. Meier

Women who have abortions are mostly young, single, and low income. Because of the link between single-parent families and welfare, even those states that don't fund abortions may find that abortion is cheaper than the costs of unintended pregnancy.

Madison Review, Fall 1996
James Madison Institute
#2404111 (4 pages)

Morality

Booker T. Washington: Freedom through Faith and Labor
by Marvin Olasky

Throughout his life, Booker T. Washington emphasized self-help and education. His path led to better long-term gains for blacks, but it has earned him the scorn of today's academics.

Philanthropy Culture & Society, February 1997
Capital Research Center
#2408102 (6 pages)

Morality in a Pluralistic Society
by Mona Charen with Tim Penny & Vin Weber

While it is reasonable to ask the majority to be respectful of minority viewpoints, the self-conscious minorities of today seek to use the legal apparatus to indict and delegitimize the majority.

Report, January 1997
Center of the American Experiment
#2408402 (16 pages)

The Rise of Government and the Decline of Morality
by James A. Dorn

In 50 years the welfare state divorced freedom from responsibility and undermined morality. The proper role of government is to allow people freedom to become responsible citizens exercising their inalienable political rights.

Cato's Letter #12, 1996
Cato Institute
#2428406 (15 pages)

The Simple Society

featured Organization

The Simple Society is a nonprofit membership organization founded to reverse the trend toward unnecessarily complex institutional and social structures. Its principles include: "Everyone is personally responsible for their own behavior," and "Compassion must be reliably available when it's needed." Contact the Society at 603/889-3583.

Human Empowerment

The Simple Society wishes to encourage compassionate responses to those in need within a structure of empowerment that emphasizes personal responsibility for behavior.
News, March-April 1996
#2400121 (4 pages)

Taxation: Simplicity and Fairness

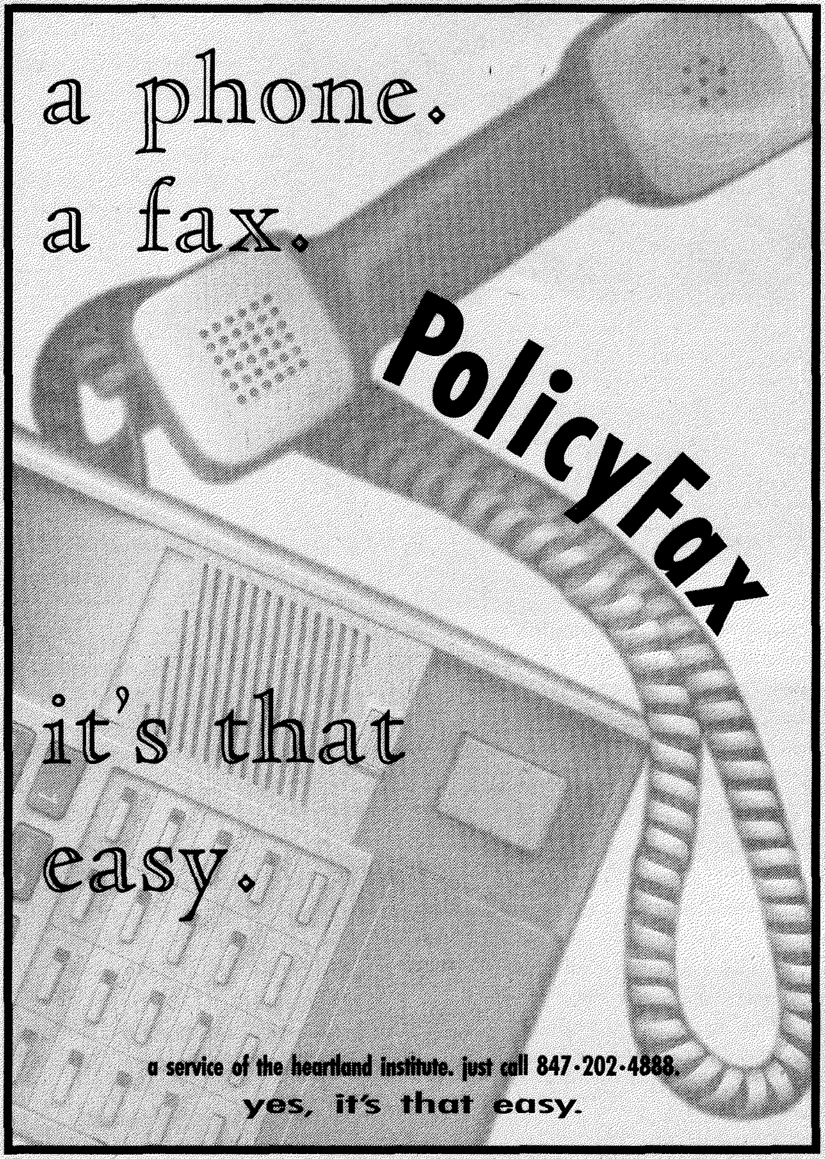
Government is necessary, and the legitimate cost of government must be paid. A national sales tax is simple to administer and could be supplemented by a "compassion tax" to be paid through community service time.
News, May-June 1996
#8000105 (4 pages)

Regulation: Simplicity and Fairness

The cost of regulations depresses living standards, leading statistically to 60,200 premature deaths per year. Government should have a limited regulatory budget forcing selection of cost-effective regulations.
News, July-August 1996
#7200114 (4 pages)

Personal Responsibility, Work Opportunity, Full Empowerment

It is a basic human responsibility to be self-sustaining. For those who cannot currently achieve self-sufficiency, The Simple Society proposes voluntary "empowerment loans" to those making a good-faith effort to be self-sufficient.
News, September-October 1996
#2400122 (4 pages)


a phone.
a fax.
PolicyFax
it's that easy.
a service of the heartland institute. just call 847·202·4888.
yes, it's that easy.

Government

Taxpayers Should Defund the National Governors' Association

by Michael Kamburowski

The National Governors' Association (NGA) receives more than 60 percent of its funding from taxpayer dollars. If the work of the NGA is valuable, it can be financed by private contributors.

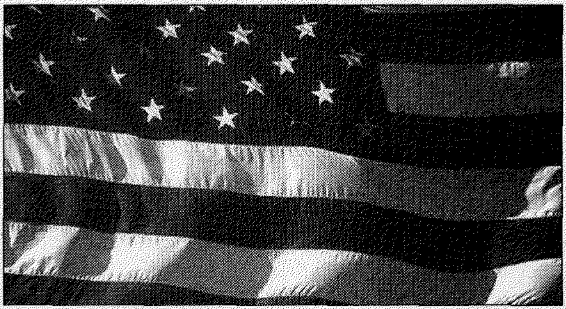
Policy Brief, November 22, 1996
Americans for Tax Reform
#2800125 (2 pages)

ATR Ballot Bound 1996

by Kolt Zimmermann Jones

A review of tax, spending, limited government, and social initiatives appearing on state ballots in the 1996 election, with some local contact information.

Report, 1996
Americans for Tax Reform
#2872401 (part 1, 9 pages)
#2872402 (part 2, 10 pages)



Term Limits Are Back!

After the setback of an unfavorable U.S. Supreme Court ruling in 1995, term limits proponents have struck back with state initiatives designed to compel members of Congress and state legislatures to support term limits. Initiatives adopted in nine states would prominently note on election ballots the names of any legislators who ignore the people's will and fail to vote for term limits.

No Uncertain Terms, 1996
U.S. Term Limits
#2880111 (4 pages)

Health Care

Assisted Death

Physician-Assisted Death

by Cathleen A. Cleaver, Esq.

Euthanasia proponents say it is cruel to deprive those who suffer from terminal illnesses of an easy death, but history warns that assisted death undermines the ethical basis of the medical profession.

Family Policy, January 1997
Family Research Council
#3214101 (8 pages)

The Crisis in Medicine

by Harold O. J. Brown

The Hippocratic oath was the ethical code of the physician who worked for the patient. Today's physician finds that oath challenged because more and more, he works for the state.

The Religion & Society Report, February 1997
The Rockford Institute
#3214102 (8 pages)

Insurance Reform

Insuring the Uninsured

by John C. Goodman and Merrill Matthews Jr.

Converting the existing Earned Income Tax Credit (EITC) or the proposed $500 per-child tax credit into a health insurance tax credit could make health insurance available to workers with modest incomes who are currently uninsured—without creating yet another federal program.

Brief Analysis, December 24, 1996
National Center for Policy Analysis
#3236307 (2 pages)

Is There an "Uninsured Children" Crisis?

by Merrill Matthews Jr.

An examination of the number of uninsured children indicates that this figure has remained almost unchanged for the last seven years. Mandates at the state and federal level, however, are driving up the cost of employer-supplied insurance and increasing the numbers covered under Medicaid. Wide differences in the age of the population in each state suggest that improvement in cost effectiveness and insurance availability could be better pursued by states, not the federal government.

Brief Analysis, December 20, 1996
National Center for Policy Analysis
#3236416 (2 pages)

By Mandating Health Benefits, Congress Will Make Even More Americans Lose Their Health Insurance

by Michael F. Cannon

A 1988 study estimated that up to a quarter of the 37 million uninsured Americans are unable to buy insurance as a direct result of state-mandated benefit costs. More mandates mean more uninsured.

Issue Analysis, January 29, 1997
Citizens for a Sound Economy Foundation
#3236416 (13 pages)

Health Care

National Safety Council Accident Statistics

Four excerpts from the 1996 edition of the National Safety Council's *Accident Facts.*

Accident Facts, 1996
National Safety Council
#1328111 (firearm accident statistics, 1 page)
#2305101 (vehicle emission statistics, 2 pages)
#3203101 (health statistics, 6 pages)
#8103101 (motor vehicle accident statistics, 8 pages)

A Health Policy Agenda for the 105th Congress

by John C. Goodman

A simple combination of tax credits and safety net payments to local governments could make it relatively easy to insure the 40 million Americans who are without health insurance.

Brief Analysis, February 19, 1997
National Center for Policy Analysis
#3200306 (2 pages)

Save the Children

by Andrew Schafly

Having failed to force nationwide restructuring of health care delivery in the first Clinton administration, the proponents of "Clintoncare" can be expected to pursue their goals under the guise of protecting children's health.

AAPS News, January 1997
Association of American Physicians and Surgeons
#3213101 (4 pages)

A Healthy Tax Break

by Mary Rowland

Americans who fled corporations to set up their own businesses have found procuring health insurance to be a nightmare. Medical savings accounts offer help, but this year only 750,000 taxpayers can participate.

Bloomberg Personal, January-February 1997
#3253120 (3 pages)

How Not to Save Medicare

by Merrill Matthews Jr.

Cost shifting and payment cuts will only superficially improve the Medicare system. True reform must focus on options that will increase health care choice for seniors.

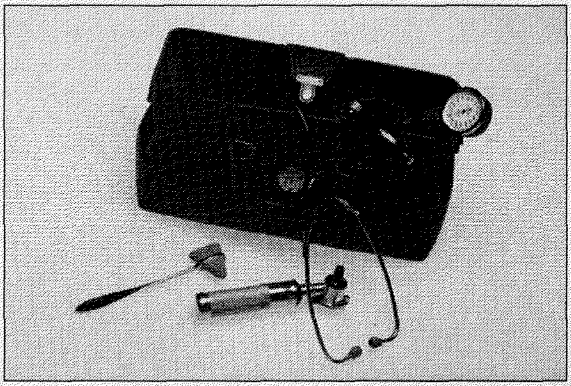
Brief Analysis, February 5, 1997
National Center for Policy Analysis
#3254303 (2 pages)

Medicaid in the States

by Charles Barrilleaux

Medicaid dwarfs AFDC in terms of budgets and taxes at the state level. This, coupled with large, well-organized provider interests, will make the program more difficult to reform than ordinary welfare.

Madison Review, Fall 1996
James Madison Institute
#3254410 (5 pages)



Delivering Better Services for the Mentally Ill and Developmentally Disabled

by Richard H. Dougherty, Ph.D.
with William D. Eggers

A new study from the Reason Foundation shows that consumer choice implemented through vouchers improves the quality of services delivered to the developmentally disabled and mentally ill. Consumer choice also reduces costs more effectively than do traditional forms of state contracting to service suppliers.

Policy Study, December 17, 1996
Reason Foundation
#3255301 (news release, 2 pages)
#3255401 (part 1, 13 pages)
#3255402 (part 2, 12 pages)

Value of Medicines

Since 1920, average life expectancy has increased by 21 years, and a major contributor to that improvement has been the pharmaceutical industry operating under protection of the patent laws.

Glaxo Wellcome Inc.
#3264411 (20 pages)

Freedom-Based Reform

Medical "reforms" like the Kennedy-Kassebaum bill actually increase the cost of insurance and decrease individual freedom. Reform legislation is best judged by how much it increases freedom.

AAPS News, February 1997
Association of American Physicians and Surgeons
#3272126 (1 page)

Legislative Alert: AAPS Report from Washington

Four short articles discuss political issues in health care, ranging from the use of government-provided medical care for children to the continuing desire of liberal thinkers for the Canadian single-payer system.

AAPS News, February 1997
Association of American Physicians and Surgeons
#3272127 (2 pages)

Paying for Health Care: The Impending Earthquake

by William Styring

The employer-based method of financing health care in the United States is expensive and likely doomed when baby boomers reach retirement age and no longer benefit from the preferential tax treatment given to employer-paid insurance. If the tax exclusion is eliminated, carefully planned tax credits or medical savings accounts in conjunction with a flat tax would pave the way to expanded availability and affordability of individual insurance.

Hudson Briefing Paper, November 1996
Hudson Institute
#3292403 (15 pages)

FDA Reform

Aspirin Fights Heart Attacks, and the FDA Fights to Hide That Information from Your Doctor

by Michael F. Cannon

Aspirin taken at the onset of a heart attack reduces the odds of death by 23 percent, but that information was concealed from doctors by the Food and Drug Administration for eight years. Had this information been freely available, between 40,000 and 80,000 lives might have been saved.

Capitol Comment, November 18 1996
Citizens for a Sound Economy Foundation
#3264111 (2 pages)

Making Drugs Safe and Available without the FDA

by Noel D. Campbell

Thousands of lives are lost annually while drugs await approval. A replacement of the regulatory process with the structure pioneered by Underwriters Laboratories is the best path for reform.

Policy Report, January 1997
National Center for Policy Analysis
#3264309 (news release, 2 pages)
#3264310 (executive summary, 2 pages)
#3264412 (part 1, 14 pages)
#3264413 (part 2, 9 pages)

Medical Device Regulation: U.S. vs. Europe, Canada, and Japan

by Robert Higgs, Ph.D.

Compared to other countries, U.S. FDA regulation of medical devices is highly politicized and capricious. This not only hurts the firms that produce such devices, but also results in avoidable deaths because practitioners are denied access to the latest life-saving technology.

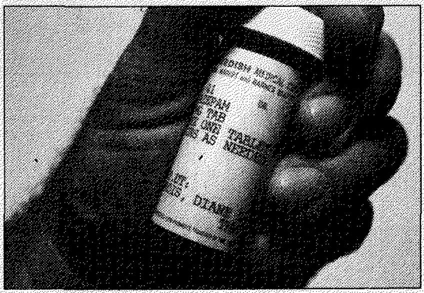
Medical Sentinel, Winter 1997
Association of American Physicians and Surgeons
#7212123 (2 pages)

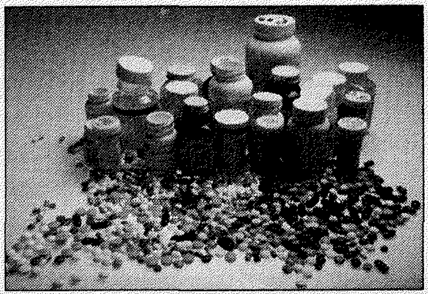
Where's the Other $975,137,268, Dr. Kessler?

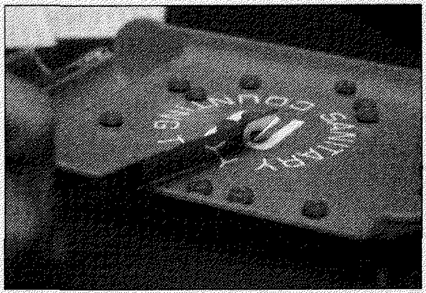
by Michael F. Cannon

The FDA enjoys an appropriation of nearly one billion dollars. Unlike appropriations to other agencies, the FDA's is granted in a lump sum with no stipulations on how it is spent. Congressional oversight of the priorities of the FDA is long overdue.

Capitol Comment, November 12, 1996
Citizens for a Sound Economy Foundation
#7212124 (2 pages)







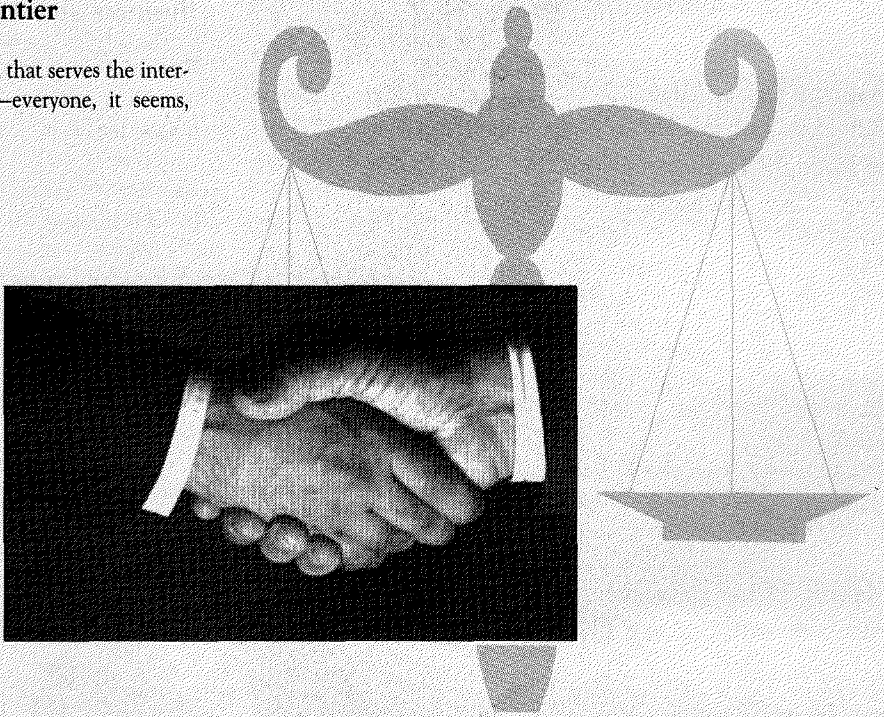
Law

Class Actions: The New Ethical Frontier

by Lawrence W. Schonbrun

Class action settlements have evolved into a system that serves the interests of plaintiff lawyers, judges, and defendants—everyone, it seems, except the aggrieved parties.

Civil Justice Memo, November 1996
Manhattan Institute
#4817101 (5 pages)



Legal Services for the Poor: Is Federal Support Necessary?

by David Wilkinson

Nearly all legal service providers who receive funds from the federal Legal Services Corporation (LSC) also receive substantial non-federal funding. If LSC funding is substantially reduced, some service providers may shut down—but the vast majority will not, as there are considerable resources in the private sector for meeting the legal needs of the poor.

Alternatives in Philanthropy, November 1996
Capital Research Center
#4845101 (6 pages)

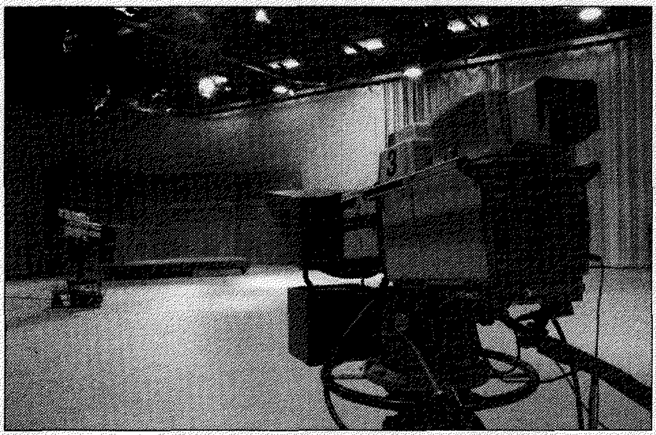
News Media

Bias At *The New York Times*

by Gwen Day Richardson

A statistical examination of *New York Times* coverage afforded the candidates in last year's Presidential election shows that while President Clinton received even-handed coverage, Senator Dole received overwhelmingly negative press. Though this probably had little impact on the result of the election, it is a cause for concern when the media turns from observer into advocate.

Headway, December 1996
#5501101 (2 pages)



Philanthropy

Corporate Philanthropy: A Reexamination

by Austin Fulk and William E. Simon

An analysis of corporate giving shows that gifts are frequently made to advocacy groups inimical to free-market values. The social reasons for this self-destructive behavior by corporate givers are examined, and the top corporate "mis-givers" are identified.

Alternatives in Philanthropy, December 1996
Capital Research Center
#6413401 (10 pages)

Inside the Council on Foundations "Fishbowl": How Foundation Executives Wash Each Other's Brains

Prominent foundations have come under fire for anti-corporate and anti-capitalist positions. In November 1996, foundation representatives met and discussed ways to minimize Congressional oversight of their activities.

Foundation Watch, December 1996
Capital Research Center
#6401413 (7 pages)

Politics

The Coming Libertarian Age

by David Boaz

Growing global availability of information means that government regulation can't keep up with changes in the economy. A more limited government will be required for prosperity in the 21st century.

Cato Policy Report, January/February 1997
Cato Institute
#6301101 (2 pages)

Cornhusker Upset

by Doug McAuliffe

Focusing on broken promises made by popular Nebraska Governor Ben Nelson, Republican Chuck Hagel came from behind to defeat his opponent by a convincing 56-42 percent margin.

Campaigns & Elections, February 1997
#6301102 (4 pages)

Business and the Fight for a Free Society

by Theodore J. Forstmann and Edward H. Crane

Two complementary essays discuss the propensity of bureaucratic businessmen to enlist state power in the suppression of competition and to finance the groups that lobby continually against economic freedom.

Cato's Letters, 1996
Cato Institute
#6301401 (Forstmann, "The Paradox of the Statist Businessman," 9 pages)
#6301402 (Crane, "Corporate Giving: The Case for Enlightened Self-Interest," 20 pages)

The States: Laboratories of Democracy

by Staff of the Family Research Council

Results of voter initiatives in the '96 election are presented, and the shifting balance of power between the two major parties at the state level since 1992 is analyzed. Excerpted from *Election '96: Your Vote, Your Family, Your Future.*

Excerpt, November 1996
Family Research Council
#6301403 (14 pages)

Privatization

Privatization of Municipal Services in Illinois

by Robin A. Johnson and Norman Walzer

A survey of city governments in Illinois shows that privatization of services is already widespread and growing. Cutbacks in federal funding and aging facilities make it likely that these trends will continue.

Illinois Municipal Review, November 1996
Illinois Municipal League
#6512104 (3 pages)

Effects of Privatization on Municipal Employees in Illinois

by Robin A. Johnson and Norman Walzer

One might expect privatization of municipal services to result in employee lay-offs, reduction in pay, less generous benefits, or decreased services. The authors find that while there may be some reduction in employment or benefits, the bulk of the savings from privatization results from increased productivity.

Illinois Municipal Review, December 1996
Illinois Municipal League
#6512105 (3 pages)

Airport Privatization: Issues Related to the Sale or Lease of U.S. Commercial Airports

The U.S. General Accounting Office (GAO) reported in November 1996 to a House subcommittee on the effects of airport privatization. The report concludes that those effects are difficult to gauge, perhaps a moot point because virtually all airports are governmentally held, and legal barriers prevent their being leased or sold to private parties. The report describes the extent of the private sector's involvement at airports, the barriers to sale to private entities, and the effects on passengers and airlines should airports be sold or leased to private parties. These documents include testimony of Gerald L. Dillingham, associate director of transportation issues in the Resources, Community, and Economic Development Division of the GAO.

Report, November 1996
General Accounting Office
#6512201 (testimony, 14 pages)
#6512307 (executive summary, 12 pages)
#6512429 (part 1, 11 pages)
#6512430 (part 2, 11 pages)
#6512431 (part 3, 13 pages)
#6512432 (part 4, 7 pages)
#6512433 (appendix, 8 pages)

Controlling Prison Costs in Wisconsin

by George A. Mitchell

If privately operated, new Wisconsin prisons could realize cost savings between 11 percent and 14 percent. Privately managed correctional facilities now have a ten-year track record, and Wisconsin should use private operators for at least some new prison construction.

Report, December 1996
Wisconsin Policy Research Institute
#6577401 (part 1, 9 pages)
#6577402 (part 2, 9 pages)
#6577403 (part 3, 11 pages)
#6577404 (part 4, 9 pages)

"Poison Pills" for Privatization: Legislative Attempts at Regulating Competitive Contracting

by Paul Kengor and Grant Gulibon

Legislation regulating privatization of government services prevents financially strapped cities from realizing millions in savings from outsourcing.

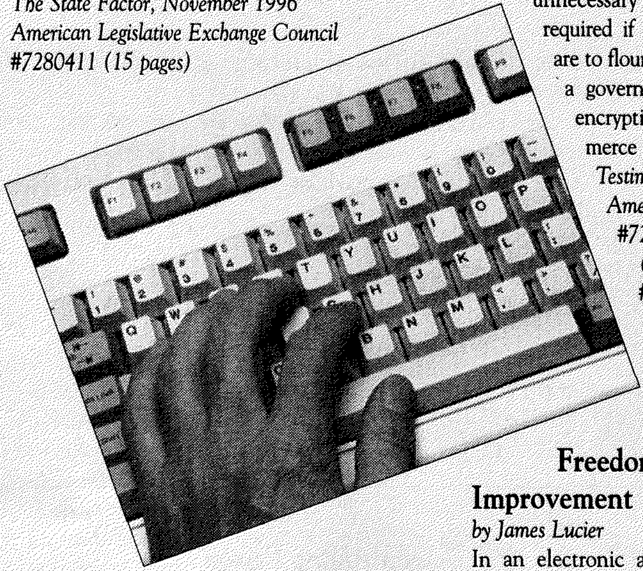
Report, December 1996
Allegheny Institute for Public Policy
#6504402 (18 pages)

The Telecommunications Act of 1996

by Telecommunications and Information Technology Task Force

While FCC implementation of the Telecommunications Act is not yet completely clear, what is certain is that the states will have to take on a large role in defining the future of competitive communications services.

The State Factor, November 1996
American Legislative Exchange Council
#7280411 (15 pages)



The Information Age

ATR Testimony on Computer Encryption

by James Lucier

Encryption is simply a mathematical technique required to make electronic commerce secure. Digital information exchange free of unnecessary regulatory burdens is required if technology and innovation are to flourish. Attempts to implement a government-mandated key-escrow encryption system will stifle commerce and threaten civil rights.

Testimony, 1996
Americans for Tax Reform
#7213301
(executive summary, 4 pages)
#7213401
(testimony, 6 pages)

ATR Testimony on the Electronic Freedom of Information Improvement Act

by James Lucier

In an electronic age, the 1966 Freedom of Information Act needs to be updated to require electronic availability of information where possible and appropriate.

Testimony, June 14, 1996
Americans for Tax Reform
#7213402 (5 pages)

Antitrust

Breaking Up Antitrust

by Edward J. Lopez

Antitrust enforcement tends to focus on high-profile trials, which garner publicity, and on industries unprotected by powerful Congressmen. Antitrust statutes thus fail in their mission to improve competition.

The Freeman, January 1997
Foundation for Economic Education
#7203104 (4 pages)

An "Innovation Age" Perspective on Telecommunications Mergers

by Peter K. Pitsch

Mergers and acquisitions have proceeded rapidly since passage of the Telecommunications Act of 1996. Though this would have raised antitrust concerns in the past, new developments in technology and markets minimize the risk and make it nearly impossible for regulators to second-guess the market.

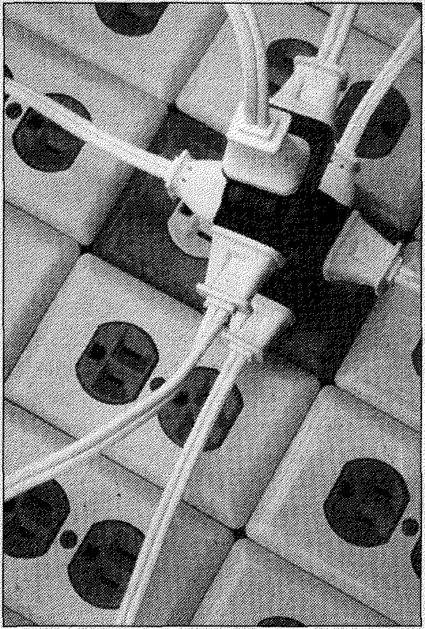
Issue Analysis, November 13, 1996
Citizens for a Sound Economy Foundation
#7203403 (part 1, 14 pages)
#7203404 (part 2, 13 pages)

Edison Electric Institute

featured Organization

Edison Electric Institute is the association of investor-owned electric utilities. It has produced a series of brief position papers describing the organization of the utility industry and commenting on current restructuring initiatives. The entire series of position papers is available through PolicyFax. *For further information, contact EEI at 202/508-5000.*

#7275501	**Defining the Terms of a Changing Electric Industry** *(9 pages)*
#7275502	**Background Issues** *(8 pages)*
#7275503	**Competition in the Electric Power Industry** *(4 pages)*
#7275504	**What Others are Saying about Competition and Deregulation** *(4 pages)*
#7275505	**Stranded Cost Recovery: Critical Element for Electricity Competition** *(4 pages)*
#7275506	**What Others Are Saying about Stranded Cost Recovery** *(4 pages)*
#7275507	**The Public Utility Holding Company Act** *(4 pages)*



Electricity Deregulation

Electricity Deregulation: Good News for Pennsylvanians

by Steven B. Loux, Esq.

Deregulation of electricity would foster growth in the Pennsylvania economy through lower rates. Stranded costs will have no effect on continued generation of power under deregulation. Because many of these costs were imposed by government, their settlement must be equitably apportioned between shareholders and ratepayers.

Report, November 1996
The Commonwealth Foundation for Public Policy Alternatives
#7275302 (executive summary, 2 pages)
#7275429 (part 1, 12 pages)
#7275430 (part 2, 11 pages)

Energizing America: A Blueprint for Deregulating the Electricity Market

by Adam D Thierer

Open access to existing power networks, or vertical disaggregation of electrical transmission and distribution facilities, is necessary to undo monopoly practices earlier forced on the electric industry. These approaches, rather than "cold turkey" deregulation, offer the best way to bring the benefits of competition to electricity consumers.

Backgrounder, January 23, 1997
The Heritage Foundation
#7275423 (part 1, 9 pages)
#7275424 (part 2, 11 pages)
#7275425 (part 3, 7 pages)
#7275426 (part 4, 11 pages)

Customer Choice, Consumer Value: Setting the Record Straight: The Consumer Wins with Competition

by Michael T. Maloney & Robert E. McCormick

Despite reservations about the proper pace of electricity deregulation and consumer reaction to price changes, even critics admit that prices will fall under deregulation.

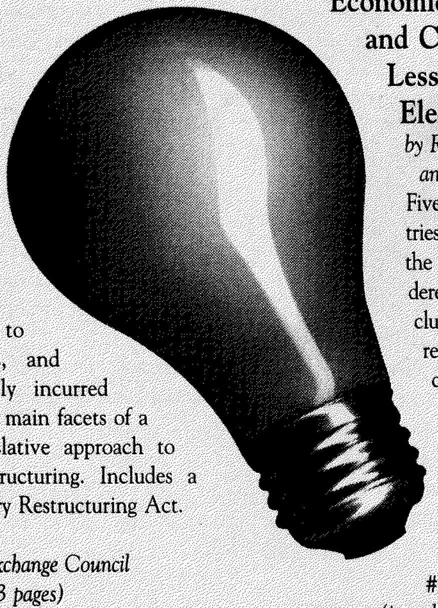
Issue Analysis, January 30, 1997
Citizens for a Sound Economy Foundation
#7275427 (18 pages)

Electric Industry Restructuring: History and Background

by Energy, Environment, Natural Resources and Agriculture Task Force

California law calls for customer choice in electric supply not later than January 1, 1998. Restructuring of the electric industry is not a question of when, but how. Stranded costs—as much as $300 billion in the state—will be a major issue to be resolved by the state regulatory agencies.

The State Factor, November 1996
American Legislative Exchange Council
#7275428 (13 pages)



Statement of Principles on Electric Industry Restructuring

Unbundling of services, open access to alternative suppliers, and recovery of prudently incurred stranded costs are the main facets of a reasonable state legislative approach to electric industry restructuring. Includes a model Electric Industry Restructuring Act.

Statement, 1996
American Legislative Exchange Council
#7275602 (statement, 3 pages)
#7275601 (model legislation, 10 pages)

Electricity Restructuring: A Framework for Competition: The Positions of the Mass Retail Industry

Under the per-site billing method for electricity, mass retailing is at a disadvantage compared to industrial users. Reform allowing consumer choice and aggregation of loads by consumers or third-party aggregators would reduce rates for this industry and other consumers.

Position Paper, October 1, 1996
International Mass Retail Association
#7275431 (18 pages)

Dealing with Stranded Costs in Electric Utility Deregulation

by Jake Haulk, Ph.D.

With the exception of expenditures that would not have been undertaken without an order from a utilities commission, stranded cost recovery is unfair to well-run utilities and electric customers.

Report, October 1996
Allegheny Institute for Public Policy
#7275422 (15 pages)

Economic Deregulation and Customer Choice: Lessons for the Electric Industry

by Robert Crandall and Jerry Ellig

Five recently deregulated industries are studied for insight into the likely effects of electricity deregulation. Among the conclusions: deregulation produces real (not cost shifted) benefits, choice should be extended to all customers, and transition costs are no excuse for delaying implementation.

Report, 1996
Center for Market Processes
#7275432 (introduction, 11 pages)
#7275433 (natural gas, 9 pages)
#7275434 (telecommunications, 16 pages)
#7275435 (airlines, 14 pages)
#7275436 (trucking and railroads, 11 pages)
#7275437 (electricity, 15 pages)
#7275438 (appendix, 10 pages)

The Case for Constitutional Tax Limitation

by James H. Perry

The Tax Limitation Amendment introduced in 1996 requires a two-thirds supermajority for new or increased taxes. This supermajority rule has an excellent basis both in history and practical politics.

Report, 1996
Americans for Tax Reform
#8012401 (part 1, 11 pages)
#8012402 (part 2, 14 pages)
#8012403 (appendix, 11 pages)

Fish and Wildlife Conservation Enhancement Act of 1996

by James Lucier

A charge imposed on every form of outdoor equipment, euphemistically referred to as a "user fee," is in reality a broad excise tax, and could become similar in practice to the European value-added tax.

Testimony, June 6, 1996
Americans for Tax Freedom
#8021201 (7 pages)

Rhode Island's Tax Climate

Rhode Island's taxes are slightly higher than average, but too much reliance is placed on the property tax. Revisions to the tax system should be fair and related to ability to pay while keeping the state competitive and avoiding undue administrative burden.

Comments On Your Government,
November 18, 1996
Rhode Island Public Expenditure Council
#8037409 (15 pages)

Restoring Trust in Government: The Case for Marginal Tax Rate Cuts

by Timothy P. Roth, Ph.D.

Our current tax code is not fair, efficient, or simple. The lack of fairness exemplified by preferential tax code provisions results in voter distrust of the political process and the honesty of government.

Report, January 1997
Joint Economic Committee
#8070403 (16 pages)

Essays on Taxes

by Peter J. Ferrara

From guns to gas and bread to beer—fifteen two-page articles show how taxes make up between one-quarter and three-quarters of the price of common goods and services.

December 17, 1996
Americans for Tax Reform
#8021107 43 Taxes on Gas
#8021108 What You Pay for Distilled Spirits
#8021109 What You Pay for Beer
#8021110 What You Pay for Cigarettes
#8021111 Coke, Pepsi or IRS?
#8021112 Taxing Self-Defense
#8021113 Taxing Calls to Mom
#8021114 The IRS Meter Is Running
#8021115 Thirty Taxes on Bread
#8076107 Taxing Your Sleep
#8076108 Taxing Flying
#8076109 Taxing the Food Out of Your Mouth
#8076110 The Government's Slice of Your Pizza
#8076111 Taxing the Family Car
#8076112 Taxing Your Wheels

Should We Abolish the Estate Tax?

by Bruce Bartlett

The estate tax raises little or no revenue, slows economic growth, and reduces the nation's capital stock. Canada and Australia have abolished their estate taxes, and the U.S. should follow suit.

Brief Analysis, January 27, 1997
National Center for Policy Analysis
#8022301 (2 pages)

The Flat Tax

The Flat Tax: Helping to Cure Farmers' Tax Ills

by Scott Moody

Current tax law hurts farm families by discouraging capital investment and imposing inheritance taxes that often force liquidation of a farm. A flat tax would correct both of these situations.

Issue Analysis, December 12, 1996
Citizens for a Sound Economy Foundation
#8024417 (10 pages)

How a Flat Tax Would Affect Charitable Contributions

by John S. Barry

Even some flat tax proponents advocate the retention of a charitable deduction, but statistics show that charitable contributions are almost constant regardless of deductibility—and the majority of donors to social service and religious charities do not itemize.

Backgrounder, December 16, 1996
The Heritage Foundation
#8024418 (part 1, 11 pages)
#8024419 (part 2, 11 pages)

National Retail Sales Tax

National Sales Tax: Answer to Today's Tax Tyranny

by Don Feder

What we tax we get less of. Income taxes attack savings, investment, and productivity. A national sales tax would avoid the Kafkaesque complexity of today's tax code and promote economic growth.

Article, November/December 1996
Wake-Up Call America
#8076105 (2 pages)

Replacing the Income Tax and IRS with a Fairer, Flatter and Saner Tax System: The National Retail Sales Tax!

America prospered without an income tax for 126 years. Replacing the income tax with a retail tax would cause an explosion in productivity and freedom.

Report, November 1996
Citizens for an Alternative Tax System
#8076403 (part 1, 12 pages)
#8076404 (part 2, 12 pages)
#8076405 (part 3, 12 pages)

National Retail Sales Tax Act of 1996 - Fact Sheet

On March 6, 1996 the national sales tax was proposed as H.R. 3039 by Representatives Shaefer of Colorado, Tauzin of Louisiana, and Chrysler of Michigan. Here are the principles behind the proposal, and its expected effect on the poor and middle classes.

Fact Sheet, March 1996
Citizens for an Alternative Tax System
#8076406 (19 pages)

Corporate Welfare

Public Subsidies to Private Corporations: Stop Violating the Utah Constitution!

by Dale F. Rubin

The Utah Supreme Court has subverted the intent of the Utah Constitution, which prohibits commercial aid to individuals and corporations. Rubin calls for an end to this practice through a "strict construction" approach to state constitutional interpretation.

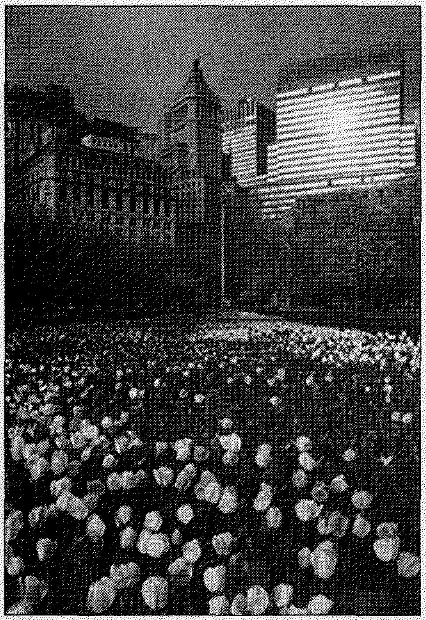
Report, December 1996
The Sutherland Institute
#8077302 (executive summary, 2 pages)
#8077407 (15 pages)

Public Subsidies to Private Corporations and the Washington Constitution

by Dale F. Rubin

Forty-five state constitutions prohibit state subsidy of private projects, but the courts of Washington state, like those of the other states, have ignored the constitution, and some of their own precedents.

Report, 1996
Washington Institute for Policy Studies
#8077406 (15 pages)



Social Security

Q: Is Privatizing the Social Security System the Answer To Its Problems?

by Steve Forbes and Thomas W. Jones

Forbes advocates privatization to maintain benefits without cuts today and provide for retirees tomorrow. Jones objects that privatization will unravel redistributionist provisions that are integral to the system.

Insight, February 24, 1997
#8078106 (4 pages)

Some Americans Already Have Privatized Social Security

by Merrill Matthews Jr.

Before Congress closed the gate in 1983, employees from three Texas counties opted out of the Social Security system. They have enjoyed rapid growth in their assets and better benefits than provided by the federal program.

Brief Analysis, November 4, 1996
National Center for Policy Analysis
#8078303 (2 pages)

Privatizing Social Security: The $10 Trillion Opportunity

by Martin Feldstein

Privatizing Social Security through mandatory private savings accounts would solve the system's financial problems while yielding a net present value gain to the economy of between $10 and $20 trillion.

Social Security Privatization, January 31, 1996
Cato Institute
#8078107 (7 pages)

Can the Stock Market Rescue Social Security?

The Social Security Trust Fund is an accounting artifice, and prefunding OASI benefits by raising payroll taxes only understates current deficits in other programs.

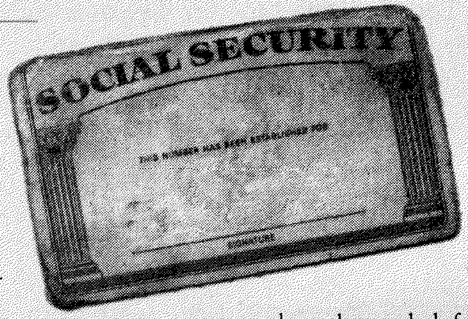
Research Reports, January 27, 1997
American Institute for Economic Research
#8078108 (2 pages)

Power to the People: A Private Option for Social Security

by Peter J. Ferrara

A private option for Social Security would head off the looming bankruptcy of the system, be a better deal for workers, and spur growth throughout the economy.

Report, December 1996
Americans for Tax Reform
#8078406 (part 1, 12 pages)
#8078407 (part 2, 11 pages)
#8078408 (part 3, 11 pages)
#8078409 (part 4, 8 pages)



Privatizing the Social Security Trust Fund? Don't Let the Government Invest

by Krzysztof M. Ostaszewski

Having the government invest Social Security funds in private capital markets would effectively "socialize" much of the U.S. economy. Not only would government control undermine the market, but government-run investment programs seldom match private rates of return.

Social Security Privatization, January 14, 1996
Cato Institute
#8078410 (11 pages)

Security for the Twenty-First Century

Demographic trends make drastic reform of Social Security in the near future inevitable. The authors of these several articles discuss the factors driving reform, and the form that these reforms could take. Part 1 offers articles by James L. Payne, Robert J. Samuelson, William Mondahl, Blake Hurst, Carolyn L. Weaver, Joel Kotkin, and Karlyn Bowman. Part 2 offers articles by David R. Henderson, Stephen J. Entin, Sam Beard, Bruce Bartlett, Allan Carlson, James K. Glassman, and Karl Zinsmeister.

The American Enterprise, January/February 1997
American Enterprise Institute
#8078411 (part 1, 10 pages)
#8078412 (part 2, 13 pages)

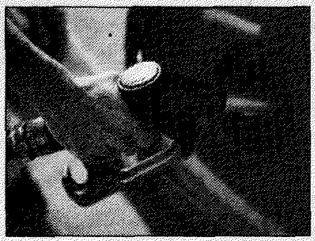
Transportation

Amtrak at Twenty-Five: End of the Line for Taxpayer Subsidies

by Jean Love, Wendell Cox, and Stephen Moore

For 25 years, supporters of Amtrak subsidies have promised self-sufficiency. It is time to free the company from excessive regulation and move towards immediate privatization.

Policy Analysis, December 19, 1996
Cato Institute
#8172402 (part 1, 16 pages)
#8172403 (part 2, 15 pages)



Cutting the Gas Tax and Other Transportation Issues for Connecticut

Connecticut currently boasts the highest gasoline tax in the nation. Though this is not thought to be a major drag on the state economy, sentiment is building for a cut. In order to maintain its commitment to a first-class transportation infrastructure, it is necessary for the state to use General Fund revenues for some transportation needs and improve oversight of the existing transportation programs.

Budget Watch, December 1996
Connecticut Policy and Economic Council, Inc.
#8175401 (8 pages)

Taxicab Regulation

Taxicab Regulation in Ohio's Largest Cities

by Samuel Staley et al.

Large cities in Ohio have used taxicab regulation to limit taxi service and economic opportunities for potential cab drivers. Reform will open the market to those who don't have the $70,000 currently needed for startup, while also providing better cab service to lower-income areas.

Policy Report, October 1996
The Buckeye Institute for Public Policy Solutions
#8105407 (part 1, 11 pages)
#8105408 (part 2, 14 pages)
#8105409 (part 3, 15 pages)

The Economics of Taxicab Deregulation

by George P. Lephardt and Joseph L. Bast

Taxi service has obvious advantages in terms of flexibility, speed, and convenience over other modes of public transportation. But decades ago, most large cities imposed rules impeding competition in this area of transportation. Lephardt and Bast argue that either wholesale or incremental deregulation should be pursued by municipalities.

Heartland Policy Study, March 11, 1985
The Heartland Institute
#8105410 (17 pages)

Welfare

"Welfare As We Know It" Has Ended Three Times In My Lifetime

by Judy M. Cresanta

From 1987 through 1996, Nevada's AFDC caseload rose 154.7 percent. Without proper changes at the state level, the recent federal welfare reforms may be meaningless.

Issue Brief, December 11, 1996
Nevada Policy Research Institute
#9200108 (2 pages)

The Welfare Reform Imperative

by Larry P. Arnn

Conservatives bemoan the economic costs of the welfare state, but a more tragic cost is the lives destroyed by cycles of dependence and crime. With the passage of the reform bill, welfare reform is now a state issue.

Essay, March 1996
The Claremont Institute
#9212101 (4 pages)

The Economics of Poverty

by Walter E. Williams

Today in the United States there is no general material poverty, but the welfare system erected to combat poverty has undermined morality and encouraged self-destructive behavior.

Vision & Values, January 1997
Grove City College
#9219101 (8 pages)

Now Let's Put Time Limits on Public Housing

by Howard Husock

Like other welfare programs, public housing generates dependency on government. Fairness to others awaiting help requires that housing assistance also be surrendered after a time to those who may be worse off.

The American Enterprise, January/February 1997
American Enterprise Institute
#9232106 (2 pages)

Food Insecurity and Hunger: Poverty Policy Issues for the 1990s and Beyond

by Christine M. Olson

While general welfare is being reformed, it is advisable to maintain or improve food assistance programs to prevent food insecurity and hunger.

Article, 1996
Institute for Research on Poverty
#9234401 (5 pages)

Welfare Reform: Children's Welfare Roundtable

Robert Rector, Robert Woodson, and others discuss the plans of Eloise Anderson, director of California's Department of Social Services (and former welfare recipient), for state action to implement systemic change in welfare programs.

Roundtable, March 18, 1996
The Claremont Institute
#9236401 (part 1, 13 pages)
#9236402 (part 2, 14 pages)

Is Welfare Reform Really Conservative?

by David Dodenhoff

The work requirements of welfare reform legislation appear conservative, but they will set the stage for failure as many hard-core welfare recipients lack the basic personal skills to hold a job.

Wisconsin Interest,
Fall/Winter 1996
Wisconsin Policy Research Institute
#9272120 (5 pages)

Answering the Critics of the Welfare Reform Act

by Merrill Matthews Jr.

President Clinton proposes restoring $16 billion of welfare spending, but six questions answered here show that it is not necessary.

Brief Analysis, January 27, 1997
National Center for Policy Analysis
#9272121 (2 pages)

Family Cap: Will Nevada Follow New Jersey's Success?

by Judy M. Cresanta

Capping AFDC benefits to those who bear additional children while on welfare reduces illegitimate births, but the effect seems to be due more to social than economic pressure.

Issue Brief, December 18, 1996
Nevada Policy Research Institute
#9275106 (2 pages)

Immigrants and Welfare: Evidence from the Survey of Income and Program Participation

by George J. Borjas
and Lynette Hilton

Data show that immigrants tend to use welfare programs more on average than the native population, but participation in any given welfare program varies with country of origin.

Article, Fall-Winter 1996/97
Institute for Research on Poverty
#1233104 (3 pages)

Opinion Pulse

edited by Karlyn Bowman

A compilation of opinion poll results on welfare reform, taxes, and the content of television ads.

The American Enterprise,
March/April 1997
American Enterprise Institute
#9299101 (4 pages)

Welfare Reform: Building on a Good Start

by Robert B. Carleson

Welfare reform has already moved many benefits decisions from the federal to the state level. Contrary to the claims of critics, there should be no adverse effect on children.

Brief Analysis, November 12, 1996
National Center for Policy Analysis
#9200107 (2 pages)

Private Solutions

Welfare, Inc.

In Texas, bidders are vying for a contract to run the entire state welfare system. Whoever wins will act with the authority of the state in matters pertaining to welfare.
The Economist, January 25, 1997
#9265102 (2 pages)

The Charity of Octavia Hill

by James L. Payne

The once well-known charitable efforts of Octavia Hill are mostly forgotten, in large part because she questioned state-administered doles and subsidies. The key to her successes was treating the poor like competent adults, and expecting them to behave accordingly.
Philanthropy Culture & Society, December 1996
Capital Research Center
#9265103 (8 pages)

Non-Profits Best Weavers of Safety-Net

by Louis James

Thirty years and 5.4 trillion dollars later, the Great Society War on Poverty has clearly been lost. Devolution of power from Washington is now believed to be a solution to these failures, but where should this power ultimately go? Private charities offer a unique blend of the virtues of the public and private sectors and are the best hope for independence of the poor and falling poverty rates.
To the Point, December 6, 1996
The Sutherland Institute
#9265104 (2 pages)

Reform That *Really* Works

#1: Welfare Reform Principles

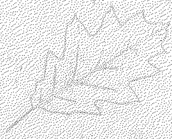
One-quarter of all citizens qualify for some government assistance—these seven principles are proposed as guides to really end welfare as we know it.
Policy Highlighter, January 17, 1997
Evergreen Freedom Foundation
#9275104 (2 pages)

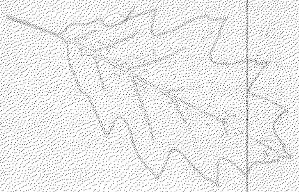
#2: Turning Bureaucracy from Welfare to Work

Presents a legislative agenda for improving the state welfare bureaucracy that is reminiscent of current private-sector management practices.
Policy Highlighter, January 20, 1997
Evergreen Freedom Foundation
#9275105 (2 pages)

#3: Oregon's Jobs and Jobs Plus Programs

Oregon's program of two to six weeks of focused training, job placement assistance, and employer incentives has helped more than 45,000 people to enter the workforce since 1990.
Policy Highlighter, January 30, 1997
Evergreen Freedom Foundation
#9275103 (2 pages)





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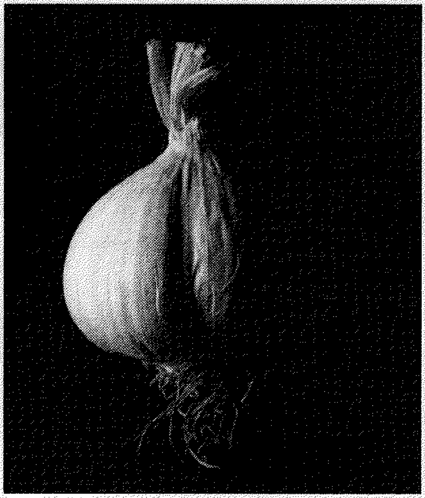
Agriculture

Right to Farm Act

An Act to define certain farm uses, operations, practices, and products; to provide certain disclosures; to provide for circumstances under which a farm shall not be found to be a public or private nuisance; to provide for certain powers and duties for certain state agencies and departments; and to provide for certain remedies for certain persons.
#0400602 (3 pages)



Civil Justice

Adoption of Common Law Act

Clarifies that when a state legislature adopted the common law of England or the state's territorial or colonial court at the time of statehood and then delegated to the courts the power to develop that body of law in accord with the interests and public policy of the state, the legislative intent was to provide the courts with laws of reference until and unless the legislature enacted rules to either complement or replace the common law. Reaffirms that, except for any causes of action that were specifically granted constitutional protection at the time of statehood, the legislature may alter or abrogate any pre-statehood or post-statehood common law causes of action.
#4813608 (2 pages)

Fairness in Statute of Limitations Reopeners Resolution

Urges limitations on the reopening of statutes of limitation without the application of appropriate standards in product liability litigation.
#4813609 (1 page)

Product Safety Analysis Incentive Act

Provides an incentive for manufacturers to conduct product safety analyses by prohibiting the use of such an analysis by a plaintiff to prove negligence or to prove that a product was defective or unreasonably dangerous. By conducting product safety analyses, manufacturers will be better able to deliver safe products to the marketplace.
#4865611 (2 pages)

Criminal Justice

Uniform Photographic Records Act

Recent advances in optical image technology provide an excellent opportunity for businesses to reduce the expense and liability associated with processing, storing, and retrieving paper documents and other business records. Optical imaging allows the user to make an exact representation, or copy, of an original document. Some acceptable forms of optical imaging include: microfilm, microfiche, paper copies, and photographs. This Act establishes changes in evidentiary rules, allowing photographic records to be used as evidence, eliminating the need for individuals to keep original documents.
#1919606 (1 page)

Disarming a Law Enforcement Officer Act

This Act protects law enforcement officials who are unlawfully disarmed while either on or off-duty. The act of disarming a law enforcement officer is elevated to the status of the state's most serious felony. This Act establishes sentencing guidelines for committing this offense.
#4843601 (1 page)

Drunk Driving Prevention Act

This bill requires mandatory alcohol education for new drivers; prohibition of open containers of beverage alcohol products in motor vehicles; administrative license revocation penalties for violation of the State's driving under the influence laws; administrative license revocation penalties for persons under 21 years of age for driving with a measurable and detectable alcohol concentration; administrative license revocation for the illegal purchase or possession of beverage alcohol products by persons 21 years of age; and mandatory alcohol and drug testing of drivers involved in fatal motor vehicle accidents.
#4835601 (4 pages)

Juvenile Offenders

The Habitual Juvenile Offender Act

Strengthens the juvenile code by creating a special category of "habitual juvenile offender" for youths who have habitually and repeatedly committed serious felonies or sexual offenses, or used a gun in the course of committing a crime. The Act ensures that juveniles who habitually commit serious crimes are not treated with a "slap on the wrist."
#4840601 (2 pages)

Juvenile Identification Act

Allows juvenile suspects to be placed in a police line-up subject to the same conditions as adult suspects, but with the added provision of parent/guardian notification.
#4840602 (1 page)

Parental Accountability Act

Requires that the parent or guardian of a juvenile attend each court hearing or proceeding unless the court excuses the parent or guardian for good cause. Failure of the parent or guardian to appear shall not be considered grounds for relief/adjournment, but may be grounds for contempt.
#4840603 (1 page)

Economy

Consumer Price Index Resolution

There is a consensus among leading economists that the present Consumer Price Index (CPI) overestimates the actual change in the "market-basket" mix of prices in the economy. This overestimation places unrealistic and unnecessary financial burdens on the federal budget, state budgets, and budgets of local units of government. This Resolution calls upon the Department of Labor to adopt a CPI standard that is reflective of the actual change in the "market-basket" mix of prices in the economy.
#2000601 (1 page)

Education

School Board Freedom to Contract Act

Encourages the outsourcing of public services and programs (school management, cafeteria services, security services, crossing guards, transportation, custodial, maintenance, etc.), under the direction of school boards, when said services/programs can be executed more efficiently and more cost-effectively by the private sector.
#2166601 (1 page)

Employment

At-Will Employment Act

Under traditional "at-will" employment, the employee or employer can terminate the employment relationship at any time for any reason or no reason. Many courts and legislatures have modified this traditional relationship, sometimes even requiring an employer to show good cause before terminating the employment relationship. This Act stipulates that employment relationships shall be "at-will" unless otherwise specified in an employment contract. The Act also restricts remedies available in the courts for discharged employees.
#2200609 (2 pages)

Civil Rights Act

Prohibits any state entity from discriminating against or giving preferential treatment to any individual or group on the basis of race, sex, color, ethnicity, or national origin. As a result, all set-aside contracts and affirmative action programs targeted at such individuals or groups would be void.
#2200610 (1 page)

Employment Reference Immunity Act

Due to increasing threats of litigation, few employers will give job references for employees. This deprives good employees of positive evaluations and also results in employers hiring employees they would not have hired if they were aware of the employees' previous conduct. This Act is designed to encourage employers to give good faith, truthful job references about employees by granting employers absolute and qualified immunity, depending on the scope of the information, for responding to prospective employers' requests for information.
#2200611 (2 pages)

Resolution on Antitrust Reform

Opposes changes to the federal antitrust laws that would preempt state laws relating to prohibitions of physicians from price-fixing, boycotts, and market allocation schemes.
#7203601 (1 page)

Resolution Opposing Ergonomic Regulations Based on Unsound Science

Some states and the federal government are experimenting with regulations that they believe will reduce back, arm, neck, and other musculoskeletal strains and aches, often referred to as "repetitive stress injuries" (RSIs). This Resolution recognizes that ergonomic regulations should not be mandated until such regulations are proven by sound scientific evidence to actually reduce or prevent RSIs.
#2200615 (1 page)

Independent Contractor Definition Act

Beneficial tax incentives often encourage workers to characterize themselves as independent contractors. However, when the worker is injured on the job, the worker may want to characterize him/herself as an employee in order to draw from the workers' compensation system, even though the worker may not have paid into the system. Confusion in the precise definition of an independent contractor has contributed to conflicting decisions by the courts on this matter. This Act simplifies the criteria used to define independent contractors for the purpose of workers' compensation.
#2200619 (3 pages)

Unions

Resolution in Opposition to Frivolous Complaints and Permit Extortion

Recognizes that some unions have engaged in questionable tactics to put open shop companies out of business or force them to join a union. These tactics have come in the form of frivolous and unwarranted complaints and environmental permit delays that are contrary to good public policy. This Resolution urges governments at all levels to enforce appropriate laws and to pass legislation to deter such tactics.
#2200614 (1 page)

Resolution in Opposition to Salting (Harassing or Disruptive Union Organizing)

"Salting" abuse is the placing of trained union professional organizers and agents in a nonunion facility to harass or disrupt company operations, apply economic pressure, increase operating and legal costs, and ultimately put the company out of business. The objectives of the union agents are accomplished through filing frivolous and unfair labor procedure

complaints or discrimination charges against the employer with the National Labor Relations Board, the Occupational Safety and Health Administration, and the Equal Employment Opportunity Commission. Salting campaigns have been used successfully in the construction industry and are quickly expanding into other industries. This Resolution affirms the principle that salting activities are contrary to good public policy and urges Congress to pass legislation so that employers are not required to employ any employee or agent of any other person, where the employee or agent seeks access to the employer's workplace in furtherance of their other employment or agency status.
#2200616 (1 page)

Labor Organizations Deductions Act

Requires labor organizations to establish separate funds for political purposes, establishes registration and disclosure requirements for each political fund, establishes some criminal provisions governing a labor organization's political activities, and prohibits employees from authorizing automatic payroll deductions for contributions to a labor organization's political committee or fund except through an explicit, signed statement.
#2200612 (3 pages)

Prohibition of Negative Check-Off Act

Delineates the enforcement of financial arrangements that are not entered into by the payer. The Act declares that nonvoluntary payments and negative check-off plans are void.
#2200613 (1 page)

Prohibition on Compensation Deductions Act

Prohibits state agencies and political subdivisions of the state from deducting from the compensation of any employee any money from which a contribution is made to a political committee or to an intermediary through which any amount is provided to a political committee.
#2200620 (1 page)

Resolution in Support of Reporting Requirements for Public Sector Unions

Public sector unions are not required to adhere to the same reporting requirements as private sector unions. This Resolution calls for legislatures to pass reporting requirements for public sector unions similar to those for private sector unions.
#2200621 (1 page)

Resolution in Support of Employee Involvement

Recognizes that employee involvement structures, such as safety committees, quality circles, and self-managed work teams, can be beneficial to a workplace. However, such structures are threatened by the U.S. Supreme Court's *Electromation* case, where the Court held that such work teams may be illegal in nonunion shops because the National Labor Relations Act prohibits employer "domination, interference or support" of a "labor organization," i.e., "company unions." Congress is considering legislation known as the TEAM Act which would prevent employee involvement structures from being interpreted as company-dominated unions.
#2200617 (1 page)

Resolution in Opposition to Violence in Labor Disputes

The Anti-Racketeering Act of 1934 (the Copeland Act) marked the beginning of federal authority to prosecute and punish criminal acts of extortion affecting commerce. In response to union fears that the law could be applied to non-violent forms of protest, the bill was amended to read "[t]hat no court of the United States shall construe or apply any of the provisions of this Act in such a manner as to impair, diminish, or in any manner affect the rights of bona-fide labor organizations in lawfully carrying out the legitimate objectives thereof, as such rights are expressed in existing statutes of the United States." The Act was later amended by the Hobbs Act, which provided that violent acts could be prosecuted under the Copeland Act. This Resolution affirms the principle that violence in labor disputes is contrary to good public policy and urges governments at all levels to enforce current mechanisms and pass further legislation to deter such violence.
#2200618 (1 page)

Resolution on Release Time for Union Business

Opposes the practice of public sector union members receiving release time from their primary responsibilities to participate in union business.
#2200622 (1 page)

Minimum Wage

Starting (Minimum) Wage Repeal Act

Repeals all starting (minimum) wage laws and preempts localities from enacting further laws that would attempt to establish a starting wage.
#2250601 (2 pages)

Resolution in Opposition to Any Increase in the Starting (Minimum) Wage

Recognizes that increasing the starting (minimum) wage is counterproductive. An increase in the starting wage makes it more difficult for employers to bring teenagers, entry-level workers, and others who need job experience into the workforce where they can gain skills, training, and confidence.
#2250602 (2 pages)

Energy, Environment, and Natural Resources

Environmental Audit Privilege and Qualified Disclosure Act

Provides confidentiality and limited protection from civil, criminal, or administrative proceedings to companies that conduct voluntary internal environmental audits to identify, prevent, and correct areas of noncompliance with federal, state, and local environmental statutes. The Audit Privilege is designed to give industry greater incentive to comply with environmental laws; it does not apply to companies that intentionally and willfully disregard environmental laws or who have a history of continuous or repeated violations.
#2392605 (7 pages)

Environmental Rules Oversight Act
Establishes a legislative committee to investigate adopted and proposed rules, and to make recommendations to the full legislature.
#2393602 (2 pages)

Resolution on Electric Competition Transition Plan Committee
Directs the legislature to prepare a plan for the transition to customer choice in the generation, sale, and transmission of electric energy where the state has not already prepared such a plan and such a plan is considered necessary to expedite reform. The Resolution was drafted to address the nationwide trend toward competition in the industry. The Resolution stipulates that any plan to transition to competition should assess relevant financial, legal, and social issues.
#7275603 (1 page)

Environmental Justice Principles
These principles promote equal protection under environmental laws to every citizen in the state regardless of race, creed, or economic status. The principles were drafted to address concerns that states have located industrial and pollution control facilities in communities based on the race or economic status of those communities. The principles state that land use and zoning decisions are best handled at the local level; states should not impose restrictions on local officials regarding land use.
#2325601 (1 page)

Resolution on Global Climate Change
Urges Congress to hold open hearings and take other actions deemed appropriate concerning the Rio Treaty and U.S. participation in the Conference of the Parties to the Rio Treaty, including an evaluation of the science review process upholding the Treaty. Congress should evaluate the economic, environmental, and societal impact of imposing involuntary limits on greenhouse gas emissions, promote low cost and abundant energy, and withdraw from the Treaty if it entails great cost and discourages low cost and abundant energy from domestic sources.
#2329602 (2 pages)

Environmental Education Act
Ensures that state agencies that educate the public about the environment do so in a manner that responsibly balances environmental considerations with those of humans.
#2394601 (2 pages)

The Environmental Laboratory Privatization Act
Requires that the state contract its routine environmental testing to private laboratories. Prohibits the state from using taxpayer dollars for the construction of new laboratories.
#2327601 (1 page)

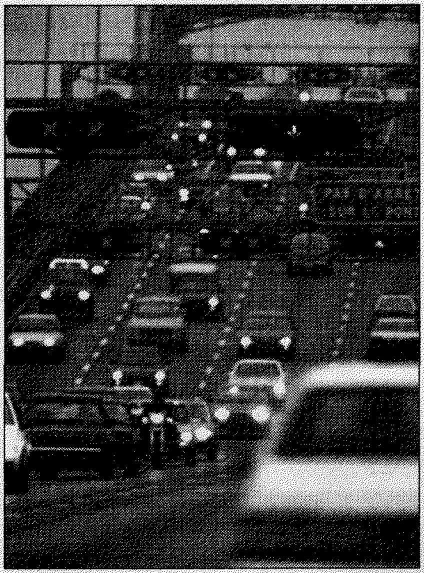
Resolution on Environmental Laboratory Privatization
Endorses federal and state efforts to use private labs for routine environmental testing. Condemns the use of taxpayer dollars for the construction of new environmental laboratories.
#2327602 (1 page)

Private Property

The Environmental Buffer Disclosure Act
Protects the rights of property owners whose real property contains an environmental buffer zone from the alleged devaluation of adjacent properties.
#2366608 (1 page)

Ombudsman Act
Ensures that proper safeguards are in place to protect the rights of property owners guaranteed in the U.S. Constitution and state constitutions.
#2366609 (2 pages)

Property Owner Disclosure Act
Provides that certain scientific data collected on private property by state environmental officials may not be compiled in a way that identifies the property owner's land unless expressly authorized by the property owner to do so. Incidental environmental information must be disregarded by state officials if such information falls outside the scope of their original reason for entering private property.
#2366610 (2 pages)



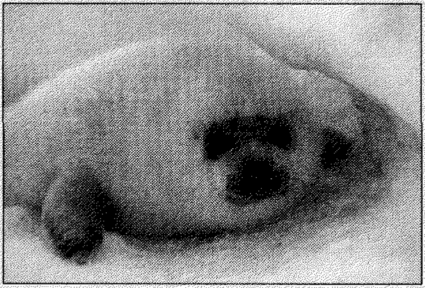
Emissions and Automobiles

Interstate Ozone Transport Oversight Act
Requires public hearings and legislative review of any proposed interstate agreement related to the atmospheric transport of ozone, where such agreement contains emission control requirements in addition to those specified by the Clean Air Act Amendments of 1990. This Act is designed to bring constitutionality to the development and implementation of legislation by the federal government and to support economic and social growth.
#2303601 (3 pages)

Resolution to Freeze CAFE Standards
Directs Congress to freeze Corporate Average Fuel Economy (CAFE) standards for cars and light trucks at current levels.
#7212602 (1 page)

Policy Statement on Alternative Fuels
ALEC believes government should not mandate choices of motor vehicles or fuel. Instead, it should set reasonable emission performance standards and allow the private sector to develop vehicles and fuels that will meet these standards at an acceptable cost and with satisfactory vehicle performance. Any alternative fuel used should be environmentally cleaner

than the fuel it will replace. ALEC believes the use of alternative fuels, such as propane, compressed natural gas, methanol, ethanol, and reformulated gasoline, has the potential to help reduce air pollution.
#2305605 (1 page)



Species Protection

Wildlife Information Disclosure Act

Limits the disclosure of environmental information, specifically data on fish and wildlife, that is collected on private property.
#2321602 (2 pages)

The Wildlife Protection Tax-Incentive Act

This proactive legislation extends tax protection to landowners who elect to change some or all of their land use from agriculture to wildlife management.
#2321603 (1 page)

Health Care

An Act to Be Amended to ALEC's Medical Savings Account Bill

Would allow individuals to contribute tax-exempt dollars into a medical savings account. Can be enacted as stand-alone legislation to provide medical savings accounts to individuals, or as an amendment to ALEC's model Medical Savings Account bill. This Act will require a fiscal impact statement.
#2353607 (1 page)

Market Based Medicaid Reform Act

Provides a cost-effective program for Medicaid recipients by offering the option of a Medical Assistance Account (MAA) with a catastrophic health policy. Under the supervision of the Department of Human Services, the MAA would allow $500 to $1,000 for an individual, or $1,000 to $2,500 for a family, to be deposited into an account that would cover all health-related expenses for the recipient, after which the recipient is responsible for co-payments. Fifty percent of any funds remaining at year's end can be used for education, job training, and child care services. This Act also allows for a debit card to be used to automatically debit services rendered.
#3254602 (5 pages)

Senior Financial Security Program Act

Creates a state program to loan money for nursing home care costs to those aged 65 and over who cannot otherwise afford it, but who do possess assets that can be used as security for the loan. A lien is placed on the participant's assets and the state eventually collects the value of the loan when the assets are sold or upon the death of the participant or his/her last surviving dependent. If the value of the loan exceeds the value of the participant's assets, the participant is placed in Medicaid or another public assistance program.
#3248606 (3 pages)

Pharmaceuticals

Resolution Calling for Reform of the Food and Drug Administration

Urges Congress to reform the Food and Drug Administration to ensure that health care products, therapies, and cures are brought to the American public as quickly as possible. It also suggests that the FDA should significantly cut back on its bureaucratic procedures and policies that tend to delay the time a drug or therapy hits the marketplace.
#3264605 (1 page)

Resolution on State Use Tax on Prescription Drug Samples

Many states currently impose a state use tax on prescription drug samples, while at the same time exempting the sale of prescription drugs from this tax. Free drug samples give patients the opportunity to try new therapies and begin treatment immediately. This Resolution requests that states pass legislation providing a tax exemption on prescription drug samples.
#3264606 (1 page)

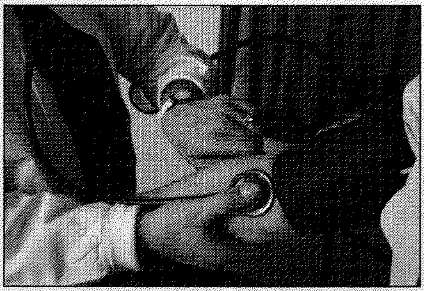
Health Insurance Reform

Resolution on Federal Health Insurance Reform Legislation

Helps prevent Congress from passing federal legislation that would impose restrictions such as guaranteed issue and community rating, or give the Secretary of Health and Human Services unnecessary authority over state health reform programs.
#3236613 (1 page)

Resolution on Stop-Loss Insurance

Encourages state legislators not to support legislation or regulation that would impose arbitrary limits on stop-loss coverages issued to self-funded plans. By guarding against such legislation, a free-market, voluntary employer-based health benefit system is preserved.
#3236614 (1 page)



Insurance

Insurance Fraud Act

Establishes the crime of committing a fraudulent insurance act for individuals and insurers who, knowingly and with intent to defraud, submit false claims or applications or undertake deceptive sales or underwriting practices. The crime also applies to those who simply attempt or aid in committing such acts. Penalties range from misdemeanors to felonies, and include license suspensions or revocations and restitution. In addition, the Act protects insurers and enlists them in efforts to fight fraud by granting broad civil immunity to anyone who shares information about suspected fraud. The Act is based on model legislation drafted by the Coalition Against Insurance Fraud.
#7635601 (14 pages)

Resolution on the National Association of Insurance Commissioners

Opposes the NAIC's current accreditation process and urges it to remain an advisory organization that does not attempt to use sanctions to force legislative action. Furthermore, the Resolution calls on the NAIC to create a mechanism whereby legislators are allowed to participate in the organization and provide input on legislative matters.
#7635602 (1 page)

Resolution on the State Regulation of Insurance

Opposes any attempt by the federal government to regulate the insurance industry. Specifically, the Resolution calls on Congress to adopt a proportional liability scheme for cleaning up waste sites, giving states the maximum flexibility and capability to clean up waste sites without passing clean-up costs to taxpayers through joint and several liability.
#7635603 (1 page)

Privatization

Enabling Legislation for Public-Private Infrastructure Partnerships

Authorizes public entities to contract with the private sector to study, plan, design, construct, operate, or maintain infrastructure systems (e.g. roads, bridges, airports, solid waste or wastewater treatment facilities, etc.). The Act addresses such issues as private ownership during construction, the transition to public ownership, public standards, liability insurance, and financial arrangements.
#6500612 (4 pages)

State Sovereignty

Accountability in Government Amendment to the Constitution of the United States

A resolution petitioning Congress to propose an amendment to the U.S. Constitution for submission to the states to prohibit the federal government from imposing: regulatory mandates on the states or their political subdivisions; unfunded mandates on state and local governments; and spending conditions that are unrelated to the actual expenditures of funds allocated by Congress.
#0852609 (2 pages)

Resolution Requesting Congress of the United States to Enact Legislation that Requires Congress to Specify the Constitutional Authority for the Enactment of Laws

A resolution petitioning Congress to enact legislation that requires Congress to specify the constitutional authority for the enactment of any law; prohibits federal agency rules or regulations from preempting or otherwise interfering with state or local powers without express statutory authority; and requires a list of factual findings, establishing a substantial nexus between the regulatory effect of the proposed law and interstate commerce if Article 1, Section 8, Clause 3, of the Constitution is identified as the Constitutional provision granting authority to Congress for its proposed law.
#0852610 (2 pages)

Government of the People Amendment to the Constitution of the United States

A resolution petitioning Congress to propose an amendment to the U.S. Constitution for submission to the states to establish a mechanism for nullification of federal laws and regulations where the states determine that such laws or regulations exceed the authority of the federal government under the U.S. Constitution.
#0852611 (2 pages)

States' Initiative Amendment to the Constitution of the United States

A resolution petitioning Congress to propose an amendment to the U.S. Constitution for submission to the states to provide the states a method of offering amendments to the U.S. Constitution.
#0852612 (1 page)

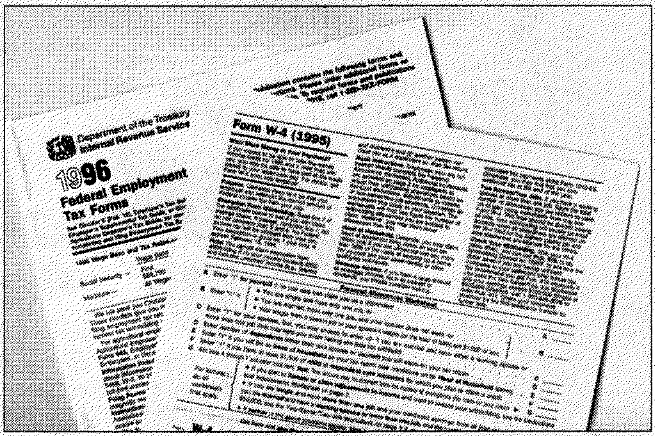
Declaration of Sovereignty

A resolution reaffirming the sovereignty of the states and of the people, and proposing principles by which the sovereignty of the states and of the people may be restored to their original intention under the U.S. Constitution.
#0852613 (3 pages)

Tax and Fiscal Policy

Exemption from Sales and Use Taxes on Materials and Property Purchased for Research and Development Act

Exempts from sales and use taxes any tangible personal property for use or consumption in research and development in the experimental and laboratory sense. A sales and use tax exemption is provided for any retail sales of tangible personal property purchased for use or consumption directly and substantially in research and development in the experimental and laboratory sense. Fuel and utilities used directly and exclusively in research and development would also be exempt.
#8076601 (2 pages)


Department of the Treasury Internal Revenue Service
1996 Federal Employment Tax Forms
Form W-4 (1995)

Personal and Business Flat Tax Act

Establishes a single, flat-rate tax on personal and business income. The single, flat rate is determined by each individual state. The personal or business tax rate may not be increased except when a two-thirds supermajority of the legislators in each House of the legislature vote to increase the rate. A revenue cap is also imposed to deter excessive government spending. Though this bill establishes a pure flat tax with only a standard personal exemption, some states may elect to retain popular deductions such as the mortgage interest or charitable contribution deductions.
#8024602 (3 pages)

Super-Majority Act

Super-majority requirements are based on the premise that tax increases fuel excessive government spending. Therefore, to more effectively control the budgetary process, raising taxes or enacting new taxes should be made as politically difficult as possible, require broad consensus, and be held to a high standard of accountability. This Act calls for a constitutional provision requiring all tax and license fee impositions and increases to be approved by two-thirds of all members of each House. It provides for an exemption if there are insufficient revenues to pay interest on the state's debt.
#8036601 (2 pages)

Resolution Requesting an Amendment to the Constitution on the Subject of Judicial Taxation

Calls on Congress to adopt a constitutional amendment that would re-affirm the separation of powers established by the Constitution. The Constitution states that the function of the judiciary is to interpret law, not create law. This amendment would stop the judiciary's encroachment into areas that constitutionally belong to the legislative branch of government, providing that no court of the United States shall have the power to instruct or order a state to levy or increase taxes. To date, ten states have petitioned Congress asking that this amendment to the Constitution be sent to the states for their approval. This Resolution is, in large part, a reaction to the 1990 U.S. Supreme Court decision, *Missouri v. Jenkins*, where the high court affirmed a lower court's decision that federal judges have the power to order an increase in state and local taxes.
#8000601 (2 pages)

Resolution to Repeal the Federal Unified Gift and Estate Tax

The Federal Unified Gift and Estate Tax has been identified as destructive to job opportunity and expansion, especially to minority entrepreneurs and family farmers. The "Death Tax" generates only a minimal amount of federal revenue, roughly 1 percent. Yet enormous dollars are spent in collecting and administering these taxes and in lawyers' and accountants' time and expense as people try to avoid this punitive "double tax." In order to pay the taxes, heirs must sell family businesses. New owners frequently fail, jobs are lost, and states lose revenue. This Resolution calls upon Congress to repeal the Federal Unified Gift and Estate Tax.
#8022601 (1 page)

Resolution Opposing the United Nations Drive for Global Taxes

Urges Congress to oppose any legislation that would authorize the United Nations to levy taxes on American citizens or establish an international agency authorized to levy taxes on American citizens.
#8000602 (1 page)

Calling Upon the U.S. Congress to Enact Legislation to Revise the Internal Revenue Code to Levy a Single Rate Tax, Such as a Flat Tax

The current federal income tax system is economically destructive and inconsistent with the principles of a free society. Most economists and accountants agree that the code is needlessly complex and discourages savings, investment, economic growth, and job creation. This resolution calls upon Congress to replace the current income tax system with a single rate tax system with a generous personal exemption, such as a flat tax, and ease the burden on all Americans and eliminate the bias against work, savings, and investment.
#8070601 (1 page)

Transportation

Resolution on the Federal Highway Trust Fund

Urges Congress to use Highway Trust Fund monies primarily for the needs associated with the construction, reconstruction, rehabilitation, and maintenance of the Federal Highway System. The Resolution stipulates that all demonstration projects should be eliminated and that the Mass Transit Account of the Highway Trust Fund be rolled into the state Block Grant Program, with the states making the final decisions that affect the funding of their local transit operations. The Resolution was drafted in response to the Congress's use of a portion of the Highway Trust Fund monies for mass transit projects and so-called "demonstration" projects (i.e. pork barrel projects).
#8105608 (1 page)

Resolution to Repeal the Non-Transportation Federal Fuels Tax

Urges Congress to repeal the 1993 4.3 cents per gallon increase in the federal motor fuel tax and the 5.5 cents locomotive fuel tax. The Resolution was drafted in response to the federal government's use of the fuel taxes for general revenue rather than for highway and rail infrastructure improvements. In addition, the tax increase puts a strain on Americans in the middle and lower income brackets.
#8105609 (1 page)

Resolution on Equitable Motor Carrier Regulatory Fees

Directs public utility and public service commissions to assess regulatory fees against motor carriers based on the extent of reduced regulatory oversight required of that motor carrier. The Resolution was drafted in response to a federal law effective in January 1995 preempting state economic regulation of any motor carriers of property. Many states still assess motor carriers a regulatory fee based upon the cost of regulating rates, routes, services, safety, and insurance, despite the fact that, in many cases, only two of these items are still subject to intrastate regulation. The Resolution further stipulates that excess state regulatory fees be refunded retroactively and that duplicative fees assessed by more than one agency be abolished.
#8180601 (2 pages)

Welfare Reform

Kinship Care Act

Allows for the voluntary support of extended family members (the kinship network) in the care of children who may otherwise be under the supervision of a parent(s) on the welfare system, thus assisting that parent(s) from having to become dependent on government welfare programs.
#9200601 (2 pages)

Proof of Custody Act

Establishes a system that tracks whether the parent receiving welfare coverage actually has sole custody of his/her child. If one parent presents a child for welfare eligibility while the other parent (or the parents jointly) actually have legal custody of the child, a fraud has been committed.
#9200602 (1 page)

Time Limits on AFDC Benefits Act

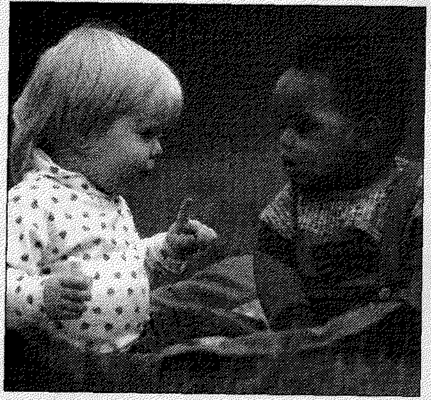
Establishes a time limit of 24 months on all AFDC or welfare program benefits. Sixty days prior to the end of the 24 months, participants will be notified of their termination from the program.
#9272615 (1 page)

Resolution on Federal Medicaid and Welfare Block Grants

Supports the adoption of Federal Medicaid and Welfare Block Grants, which would transfer both the financial authority and decision-making power to the states to operate the programs as they so desire.
#9272616 (1 page)

Resolution Urging Congress to Provide a Charitable Tax Credit

Encourages Congress to pass legislation that would provide a tax credit for charitable contributions to private and religious groups.
#9272617 (1 page)



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Institute for Research on Poverty
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Itasca, IL 60143
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Washington, DC 20005
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Tax-Exempt Lobbyists for the Anti-Smoking Crusade

Terrence Scanlon

Terrence Scanlon is president of the Capital Research Center.

In early March, squads of anti-smoking activists conducted sting operations against convenience stores and gas stations nationwide. They handed out warnings to any clerk who failed to check the photo I.D.s of cigarette buyers who appeared to be younger than 27. Why? Because the Clinton Administration and the FDA think that's the best way to stop children from smoking.

The Nanny State regulators are forcing merchants to check the I.D.s of anyone without crow's feet. From now on, you baby-faced thirty-somethings are going to be flattered with I.D. requests over and over again, just to make sure no teenager tricks a clerk out of a pack of cigarettes. Stores violating the new law can expect a $250 fine.

In the months ahead, count on more, similarly ingenious efforts from the Clinton Administration. They plan to prohibit cigarette ads in magazines that may appeal to young people. They will ban giveaways of T-shirts, gym bags, and other products with snazzy logos. They will outlaw any billboard advertising that uses pictures and color to promote cigarettes. (The Constitution still protects words, so long as they are black on white.) And tobacco companies will be prohibited from displaying their brand names at sporting events like stock car races.

To keep in check the inevitable public outcry against all this heavy-handed intrusion, government officials are depending on the anti-smoking activists to scold anyone who resists. For now, the memory of America's sorry experience with Prohibition stands in the way of an immediate and total government ban on tobacco use. But regulators are looking to activists to bully store owners, demonize the tobacco industry, and force the public to agree that smoking is politically incorrect. And the most effective way to do this is to say you're doing it "for the children."

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The Center is another tax-exempt interest group in a city that's full of them. Using money from tax-exempt private foundations, the Center is abusing its charitable status by supporting the government's restrictions on the marketing and sale of a legal product produced by companies that pay taxes and create jobs.

> *Whatever you think about smoking, isn't it about time to end the petty hassles of the anti-smoking puritans and their allies in government?*

The Center has also injected itself into election politics. In a series of ads during last year's campaign, the Center urged Americans to investigate their senators' positions on cigarette advertising. And it called on elected representatives to sign a pledge that they would not accept political contributions from tobacco companies. After the election, the Center applauded the victory of "pro-health" senators and President Clinton.

Now, when the IRS permits a charity to receive tax-deductible donations, the charity in turn promises to refrain from political campaign activity. Charities can lose their tax exemption if they fail to uphold this obligation.

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Whatever you think about smoking, isn't it about time to end the petty hassles of the anti-smoking puritans and their allies in government? Their efforts to use the power of the federal government to interfere with what some people consider one of life's simple pleasures should be met by a firm rejoinder: butt out.

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Joe Camel Is Innocent
Just because Joe Camel is a cartoon doesn't mean R.J. Reynolds is targeting kids for its cigarettes. *(The Heartland Institute, August 1996, 3 pp.)*

Call 847/202-4888
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Excerpt

A Taxing Matter

Separating Tax Facts from Rhetoric

(On April 15, 1997, The Heartland Institute released Heartland Policy Study #80, "A Taxing Matter: Changes in Government Revenue and Spending Priorities, 1950-1996," by Joseph L. Bast and Diane Carol Bast. The following excerpt is based on the report's conclusion. The entire 92-page report is available from The Heartland Institute for $15. It is also available on the World Wide Web at ***http://www.heartland.org.****)*

To know where we are going, it is a good idea to know from where we have come. As Americans embark on a national debate over how best to change the nation's tax code, it is valuable to understand how the burden of taxation and beneficiaries of government spending have changed over time. We believe several conclusions with public policy relevance emerge from this analysis.

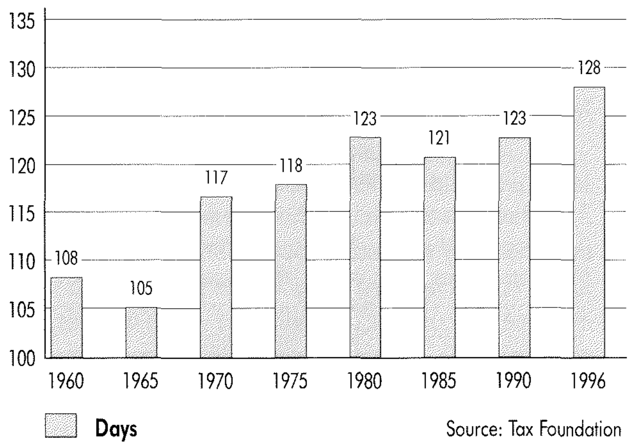
1. Tax burden is high by historical standards.

The most pronounced change in tax policy during the past forty years has been the rise in the level of overall taxes. The average real per-capita tax burden rose 121 percent between 1960 and 1992. The typical American family paid over 40 percent of its total income in taxes in 1995. In 1996, the average American had to work 128 days just to pay his or her taxes, compared to 108 days in 1960 and just 44 days in 1930.

Individual tax burdens grew dramatically, relative to personal income, until the 1980s, when sustained economic growth and lower rates of inflation allowed personal income growth to keep pace with the rising cost of government. Data from the 1990s suggest that government is once again growing faster than personal income.

> *In 1996, the average American had to work 128 days just to pay his or her taxes, compared to 108 days in 1960 and just 44 days in 1930.*

Tax Freedom Day 1960 to 1996



Source: Tax Foundation

2. Reliance on income taxes is high by historical standards.

All three levels of government dramatically increased their reliance on income taxes as a source of revenue. At the federal level, the share of total revenue derived from individual income taxes remained relatively stable between 1960 and 1992, but Social Security and Medicare taxes rose from 7 percent of total revenues in 1960 to 17.4 percent in 1992. State governments increased the share of their total receipts from this source from just 8.3 percent in 1950 to 31.9 percent in 1993. Local governments, which historically have not relied on income taxes, nevertheless increased their real per-capita collections from this source by a remarkable 1,911 percent between 1950 and 1991.

3. Non-tax government revenues are also at historic highs.

Governments also burden their citizens with a variety of indirect costs that often escape public attention and debate. These non-tax government revenues include the cost of complying with the tax code ($235 billion a year), future obligations or debt (at least $180 billion a year), inflation ($142 billion in 1994), and complying with regulations ($677 billion a year). When added to the tax burden, these additional costs mean that Americans must work for the government a staggering 193 days a year before they can begin working for themselves. During the 1990s, inflation and the acquisition of new debt appear to have moderated, but the cost of complying with regulations is rising.

4. Spending has shifted toward entitlement programs and away from constitutionally required services and services that benefit everyone.

Spending on Social Security and Medicare, public welfare, and health rose from 10.7 percent of all spending in 1960 to 26.2 percent in 1992. While spending on these entitlement programs was rising, spending by all levels of government on defense, highways, and other constitutionally required or basic government services that benefit all citizens fell from 42.6 percent of all spending in 1960 to 21.9 percent in 1992.

Uncovered

Terrence Scanlon

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Call 847/202-4888
Request document #2380112

Welfare

Wisconsin's Welfare Miracle

Robert Rector

Robert Rector is a
welfare expert at
The Heritage Foundation.

Ever since the new federal welfare reform law was passed last summer, the liberal welfare establishment and its allies in the media have incessantly warned how difficult, if not impossible, reform will be. What they don't know, or refuse to admit, is that one state has already proven them wrong.

Wisconsin has already won half the battle against welfare dependence, and it is winning the other half with breathtaking speed. In the last 10 years, while national caseloads in the Aid to Families with Dependent Children (AFDC) program were rising steeply, the caseload in Wisconsin dropped by more than half. In inner-city Milwaukee, the AFDC caseload has fallen by 32 percent; in the rest of the state, caseloads have fallen by more than 70 percent. In 28 of Wisconsin's 77 counties, the welfare rolls have already dropped by 80 percent or more. In Milwaukee, the AFDC caseload is now shrinking by 2 percent per month; in the rest of the state, it's shrinking by 4 percent per month.

> *Wisconsin's decline in dependence is the most significant change in the 60-year history of AFDC.*

Liberal welfare experts have consistently claimed that a successful work program might reduce welfare caseloads at most by 5 percent over three years. But in some parts of Wisconsin the number of people on welfare is steadily falling by that amount *every 30 days*. Wisconsin's decline in dependence is the most significant change in the 60-year history of AFDC.

Other states have begun to reduce their AFDC caseloads, too: Over the past 12 months, Maryland has cut its AFDC caseload by 28 percent, Oregon by 23 percent, and Oklahoma by 17 percent. But in most instances these declines were caused merely by reductions in the large numbers of welfare recipients who were added in the early 1990s. In reality, most states lag a half-decade behind Wisconsin; they are only now engaging in the kinds of efforts to reduce dependence that began in Wisconsin in the late 1980s.

Defenders of the welfare status quo have tried to attribute Wisconsin's plummeting dependence to a "good economy." But many states have had good job growth and lower unemployment than Wisconsin without experiencing any decline in AFDC. Skeptics also claim that Wisconsin's reforms have increased welfare costs. This is untrue. Aggregate AFDC, daycare, and training costs have declined in the ten years since Governor Tommy Thompson took office, while nearly doubling nationwide over the same period.

So what did Governor Thompson do to generate such success? His reforms reflect three themes. First, Wisconsin recognized that one of the keys to reform is to separate those individuals who truly need aid from those who do not, but who are willing to take a free handout if offered. The state created "Self-Sufficiency First," a program aimed at cutting the number of new AFDC entrants. The program provides new AFDC applicants with counseling on the negative effects of dependence, offers short-term aid (such as car repairs) to help people avoid the need to enroll in AFDC, and requires most new applicants to begin working almost immediately after enrolling. As a result, new AFDC enrollments have been cut almost in half.

Second, Governor Thompson instituted real work requirements for welfare recipients—something most politicians have only talked about. Most Wisconsin recipients who fail to find a private-sector job within a few weeks of entering AFDC are required to perform community service as a condition of continuing welfare. Wisconsin's welfare recipients receive benefits only after work has been satisfactorily completed. Recipients who are delinquent in performing community service work see their welfare checks slashed in direct proportion to the number of hours of work they fail to perform. Through the rigorous enforcement of this "pay after performance" rule, the option of receiving free income from welfare has been effectively eliminated.

Third, Governor Thompson created powerful incentives to guide and motivate an often-rigid welfare bureaucracy. County welfare offices have been required to earn daycare and training funds by increasing the number of recipients placed in jobs or community service work. Welfare offices that fail to reduce caseloads dramatically face an unprecedented penalty: They can be replaced by outside contractors. As a result, Wisconsin's bureaucracy has implemented reform with unusual zeal and efficiency.

The collapse of AFDC dependence in Wisconsin has been extraordinary, but even more fascinating is the fact that this welfare implosion has been the result of quite straightforward, common-sense policies. Any state could implement similar policies tomorrow. The only question that remains from the Wisconsin miracle is, How long will it take for the rest of the nation to follow?

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W2: Wisconsin Works
Outlines the philosophy, goals, and key features of the State of Wisconsin's workfare program, adopted in 1993. (*State of Wisconsin, 1995, 16 pp.*)

Call 847/202-4888
Request document #9272414

Ohio to Study Economic Incentive Programs

by the Honorable Charles F. Horn

The State of Ohio is embarking on a $500,000 study of its economic development incentive programs. As sponsor of the legislation calling for the study, I have been asked to chair a seven-member advisory and oversight committee that has finalized a Request for Proposal (RFP) that will identify the primary researchers.

The study we are requesting will provide the research and cost/benefit data needed to evaluate the state's economic incentive programs on a more holistic basis. The study will also review the recent State of Ohio Tax Study, focusing on the possibilities for eliminating onerous business taxes in exchange for terminating certain tax abatement/tax credit programs. The study will identify programs that are working cost effectively and make recommendations for improvement.

The oversight committee consists of two State Senators, two State Representatives, and three appointments by Governor Voinovich: a Department of Development official, a university professor, and an economic development practitioner. The Office of Budget and Management will provide contracting authority and staff assistance. The Legislative Budget office will also provide staff assistance.

An important aspect of the study is the involvement of Ohio's universities in data collection and analysis. The objective is to develop communication between university economists and local government policy makers to stimulate discussion on the types of local development projects that create wealth. We hope in this way to facilitate better policy decisions on the local, state, regional, and federal level, as well as to enhance university curriculum.

Economic incentive programs among competing states are escalating and proliferating. In Ohio alone, the Office of Budget and Management has identified 55 state business assistance programs and 100 miscellaneous tax credits and tax exemptions.

> *The questions we are asking in Ohio are being asked by legislators from Maine to California. The Ohio study, properly done, will be useful to every state.*

Ohio's central cities and inter-ring suburbs are hurting from the loss of industry to more rural local governments. They are properly concerned by the loss of their school and city tax revenues, increasing crime, and social services costs. Also quite properly, they are concerned by the fact that state programs are subsidizing the flight to the more rural communities. "Winner" cities seem not to realize that they lose, too: Their taxes are higher because the state has to increase its support of urban schools, provide social services, and address increasing crime. Clearly, there is a dire need for a systemic analysis of *all* of the costs and benefits of economic incentive programs.

Researchers for the Ohio study will be directed to consider the following questions:

- What is the overall, systemic impact of tax abatement programs on the economy of Ohio?

- Are state programs subsidizing industry migration from multi-story buildings in urban centers to sprawled facilities on prime agricultural land?

- What are the total costs to rural communities for new infrastructure and other costs, in addition to the loss of traditional school revenue?

- What is the relationship between urban crime and loss of urban jobs due to industry-shifting within the state under tax abatement programs?

- What is the relationship between lost agricultural land and industry relocation from economic development grants, inexpensive land, and artificially reduced energy costs?

- What are the benchmarks for measuring statewide economic health and growth? Are measures of the number of jobs created, jobs retained, and new facilities formed, accurate and adequate as a measure of economic health statewide?

- What criteria—such as increase in per-capita income—are reliable measures of economic growth? How do we define wealth creation as a benchmark measure?

- Are the increased demands on the state budget by urban areas for school assistance, social services, and crime control related to job loss from intra-state industry migration facilitated in part by incentive programs? If so, to what extent can that relationship be quantified?

- What are the relative benefits of creating an overall climate for business growth vs. a multitude of programs servicing selected industries?

- Are the administrative costs of multiple incentive programs a significant factor in systemic efficiency?

The questions we are asking in Ohio are being asked by legislators from Maine to California. Legislators nationwide develop state budgets that must balance urban and rural education, both of which compete with higher education, which competes with children and social services, all of which are being pinched by crime control costs and prison construction. We cannot look in isolation at the efficiency or effectiveness of individual programs, but must consider the *systemic efficiency* of the entire bundle of programs that states provide to all of their many constituents.

It is, of course, a difficult challenge . . . but one that we in Ohio are eager to undertake. The Ohio study, properly done, will be useful to every state.

◆

The Honorable Charles F. Horn is a Republican State Senator representing the 6th District of Ohio. If you would like additional information on the study underway in Ohio, contact the Senator's office at 614/466-4538; email sen.horn@ix.netcom.com.

"Welfare As We Know It" Has Ended Three Times in My Lifetime

by Judy M. Cresanta

The 336 welfare programs that comprise our nation's "War on Poverty" have cost us $5.4 trillion since the War was first launched—70 percent more than the price tag for defeating Germany and Japan during World War II. With $5.4 trillion you could purchase every factory, office building, manufacturing plant, airline, railroad, trucking firm, the entire commercial maritime fleet, every telephone, television, and radio company, every power company, every hotel, and every retail and wholesale store in the nation. And yet, poverty in this country has increased, and welfare recipients remain dependent longer than ever. Clearly, the welfare ethic has not worked.

Aid to Families with Dependent Children (AFDC), one of the largest of welfare's programs, has always been funded by the federal government on an entitlement basis: the more persons a state enrolls in AFDC, the more that state is "entitled" to receive from the federal government. A state that reduces its welfare caseload is "rewarded" with federal funding cuts. The perverse incentives are apparent . . . and thus a new day is dawning.

The recent federal welfare reform legislation eliminates those perverse incentives by creating a new funding system. Each state will be given a fixed dollar amount, gradually increased from year to year. If a state reduces its AFDC caseload, its federal grant will not be cut. Instead, the state will be permitted to apply any surplus federal funds generated by caseload reduction to other efforts to aid the poor. And a state that permits its AFDC caseload to grow rapidly will bear the cost itself.

> *The 336 welfare programs that comprise our nation's "War on Poverty" have cost us $5.4 trillion since the War was first launched.*

The feds will allow state policy makers a great deal of leeway in the implementation of welfare reform. To reform their state welfare programs successfully, state legislators would do well to consider the following principles:

1. **Set the right goals.** The goals of welfare reform should be twofold: to reduce the caseload, and to reduce the illegitimacy rate (the percentage of births in the state that are out-of-wedlock).

2. **Focus on caseload size, not welfare exits.** Measuring the number of recipients who leave welfare is misleading. Large numbers of "exits" from welfare will occur even when welfare caseloads are rising. States with liberal welfare systems will have larger numbers of exits, because they encourage highly employable persons to enroll in welfare. By contrast, a serious work requirement may actually *reduce* welfare exits, since it will discourage the most employable persons from enrolling in welfare in the first place. The overall size of the caseload, not the number of exits from the welfare system, is the proper measure of progress in welfare reform.

3. **Work requirements reduce welfare applications.** The most important effect of a work requirement is to dramatically reduce the number of persons who apply to obtain welfare. This is called the "dissuasion" effect of work requirements.

4. **Avoid education and training.** Research has shown that education and training programs do not increase the wages a welfare recipient is likely to command once he or she starts working. Nor do such programs significantly reduce welfare dependence. By contrast, simply making recipients work (or perform community service) in exchange for benefits will greatly reduce dependence.

5. **Focus work on the most employable recipients first.** The initial goal of welfare reform should be to restrict welfare to those who truly need it, and to eliminate from the rolls those who do not *need* welfare but who will take a handout if it is offered. In order to accomplish this goal and shrink welfare caseloads, work requirements should be focused on the most employable welfare recipients first. These would include two-parent families (10 percent of the Nevada caseload) and mothers who do not have preschool children (50 percent of the Nevada caseload).

6. **Establish pay-after-performance workfare.** Upon applying for welfare, employable recipients should be required to begin a supervised search for employment. If they have not found a private-sector job within six weeks, they should be required to perform community service work. For those performing community service, welfare should be based on "pay-after-performance"—that is, welfare recipients will not receive their checks until *after* they have performed the required number of hours of service. If they fail to perform the required number of hours, their welfare checks must be reduced to reflect those hours they did work. Pay-after-performance is required by the new federal law.

If state legislators implementing the new federal law adhere to these guidelines, we may not have to hear "welfare as we know it will end" for the fourth time!

◆

Judy M. Cresanta is president of the Nevada Policy Research Institute.

Intellectual Ammunition April/May 1997 © The Heartland Institute

Our first health care reform act was in 1887.

That's when Perrigo began offering high-quality, lower-cost alternatives to more expensive "medicines" of the day. Today, Perrigo is the nation's leading producer of store brand over-the-counter pharmaceutical, personal care and nutritional products. Store brands — *those sold under a retailer's own name* — are comparable in quality and effectiveness to national brands, but cost up to 40 percent less. Those savings, combined with trends toward self-medication and the inclusion of OTC's in treatment regimens by health care providers, can have a significant impact on reducing the cost of health care.

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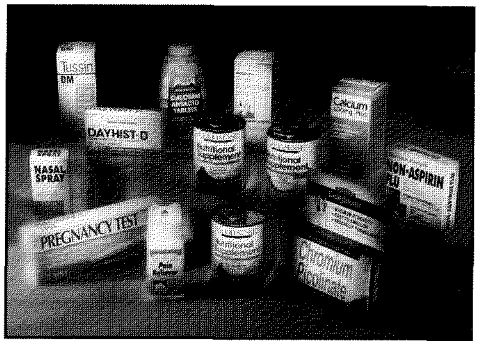

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A Taxing Matter

Separating Tax Facts from Rhetoric

(On April 15, 1997, The Heartland Institute released Heartland Policy Study #80, "A Taxing Matter: Changes in Government Revenue and Spending Priorities, 1950-1996," by Joseph L. Bast and Diane Carol Bast. The following excerpt is based on the report's conclusion. The entire 92-page report is available from The Heartland Institute for $15. It is also available on the World Wide Web at **http://www.heartland.org.***)*

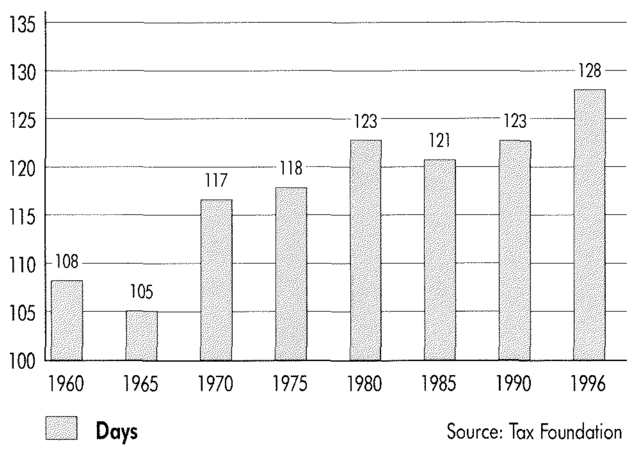
To know where we are going, it is a good idea to know from where we have come. As Americans embark on a national debate over how best to change the nation's tax code, it is valuable to understand how the burden of taxation and beneficiaries of government spending have changed over time. We believe several conclusions with public policy relevance emerge from this analysis.

1. Tax burden is high by historical standards.

The most pronounced change in tax policy during the past forty years has been the rise in the level of overall taxes. The average real per-capita tax burden rose 121 percent between 1960 and 1992. The typical American family paid over 40 percent of its total income in taxes in 1995. In 1996, the average American had to work 128 days just to pay his or her taxes, compared to 108 days in 1960 and just 44 days in 1930.

Individual tax burdens grew dramatically, relative to personal income, until the 1980s, when sustained economic growth and lower rates of inflation allowed personal income growth to keep pace with the rising cost of government. Data from the 1990s suggest that government is once again growing faster than personal income.

Tax Freedom Day 1960 to 1996



Source: Tax Foundation

In 1996, the average American had to work 128 days just to pay his or her taxes, compared to 108 days in 1960 and just 44 days in 1930.

2. Reliance on income taxes is high by historical standards.

All three levels of government dramatically increased their reliance on income taxes as a source of revenue. At the federal level, the share of total revenue derived from individual income taxes remained relatively stable between 1960 and 1992, but Social Security and Medicare taxes rose from 7 percent of total revenues in 1960 to 17.4 percent in 1992. State governments increased the share of their total receipts from this source from just 8.3 percent in 1950 to 31.9 percent in 1993. Local governments, which historically have not relied on income taxes, nevertheless increased their real per-capita collections from this source by a remarkable 1,911 percent between 1950 and 1991.

3. Non-tax government revenues are also at historic highs.

Governments also burden their citizens with a variety of indirect costs that often escape public attention and debate. These non-tax government revenues include the cost of complying with the tax code ($235 billion a year), future obligations or debt (at least $180 billion a year), inflation ($142 billion in 1994), and complying with regulations ($677 billion a year). When added to the tax burden, these additional costs mean that Americans must work for the government a staggering 193 days a year before they can begin working for themselves. During the 1990s, inflation and the acquisition of new debt appear to have moderated, but the cost of complying with regulations is rising.

4. Spending has shifted toward entitlement programs and away from constitutionally required services and services that benefit everyone.

Spending on Social Security and Medicare, public welfare, and health rose from 10.7 percent of all spending in 1960 to 26.2 percent in 1992. While spending on these entitlement programs was rising, spending by all levels of government on defense, highways, and other constitutionally required or basic government services that benefit all citizens fell from 42.6 percent of all spending in 1960 to 21.9 percent in 1992.

5. Several long-term tax and spending trends slowed or stopped during the 1980s.

The trend toward spending on entitlement programs rather than constitutionally required services or services that benefit everyone slowed dramatically during the 1980s, as shown in the figure on this page. Nearly all of the trend noted for the long-term period (1960-1992) occurred prior to 1980.

On the tax side, the federal government significantly reduced its reliance on individual income taxes during the 1980s. This reduction was largely offset, however, by state governments that continued their dramatic shift *toward* income taxes while lowering their reliance on property, corporate income, and excise taxes. After two decades of reducing their reliance on property taxes, local governments during the 1980s increased their reliance on this tax, and also increased their reliance on retail sales and excise taxes.

At the state level, the trend toward spending on entitlement programs escalated during the 1980s, opposite the trend found at the federal level and for all levels combined.

6. Interest on debt has emerged as a major expense item for all levels of government.

The federal government accounts for about 80 percent of all government debt, a share that has remained relatively constant since 1960. Debt has been rising for all levels of government, causing interest payments to emerge as the fourth largest expenditure item in 1992, accounting for 10.5 percent of all government spending.

7. Spending by state governments during the 1980s continued to shift from basic services to entitlement programs.

Closer examination of government spending priorities reveals different trends at each level of government. At the state level, the trend toward spending on entitlement programs escalated during the 1980s, opposite the trend found at the federal level and for all levels combined.

State spending on public welfare, education, and health and hospitals rose from 37.4 percent of total state spending in 1952 to 49.3 percent in 1980 and 53.8 percent in 1993. State spending on basic services (natural resources, highways, and "other general spending") fell from 39.5 percent in 1952 to 31.3 percent in 1980 and 25.3 percent in 1993. Local governments experienced a weak trend toward entitlement spending from 1950 to 1980, and virtually no change in relative shares of spending during the 1980s.

8. Federal aid to state and local governments is at historic highs.

Contrary to popular belief, real per-capita federal aid to state and local governments did not fall during the 1990s, and now stands at a historic high. Such aid rose from $6.5 billion in 1960 to $88.7 billion in 1980 and $185.7 billion in 1993. Adjusted for inflation and population growth, real per-capita federal aid to state and local governments declined slightly during the early 1980s but rose rapidly during the late 1980s and early 1990s.

9. Several long-term trends reversed themselves during the 1990s.

The moderation of **total tax burden** during the 1980s, as measured by the Tax Foundation's Tax Freedom Day, was reversed during the 1990s. Americans had to work five more days in 1996 than in 1990 to pay for their taxes. The total number of work days required to pay for taxes rose from 123 in 1990 to 128 in 1996.

The long-term trend toward **income taxes** and away from other types of taxes stopped and probably reversed itself during the 1990s. State governments, which aggressively increased their reliance on income taxes prior to the 1990s, saw a slight decline in the share of total revenue raised through income taxes between 1993 and 1995. Eight states cut marginal income taxes in 1994 and 1995.

The trend at the state level toward **spending on entitlement programs** and away from basic services may have reversed itself in the mid-1990s. Between 1994 and 1995, state spending on Medicaid for the first time grew more slowly than did overall state spending, and spending on public aid fell from 5.1 percent to 4.0 percent of total state spending. Since the trend toward entitlement spending had already stopped or been reversed at the federal and local levels, it is likely that the trend toward entitlement spending by all levels of government combined also stopped during the 1990s.

Conclusion

Tax policy and government spending priorities in the U.S. have changed in many ways, sometimes dramatically, during the past forty years. Due to the decentralized nature of the American system of federal government, it can hardly be said that these changes are the result of a deliberate plan or public consensus. Few people were in positions where they were likely to see or direct the "megatrends" identified here.

Understanding this history of taxes in the U.S. can help us make sense of proposals to change tax policy today and in the future. People who support more (or less) progressive taxation should be challenged to tell us whether they mean more (or less) progressive than in 1950, 1960, 1970, or 1996. Depending on their answer, the policy change needed to achieve their objective may be the opposite of what they advocate.

Calls for more (or less) spending on entitlements or basic services should be met with a similar question: Was the balance between entitlements and basic services better in 1950 than in 1996? If it was, why did the balance change? And why, as is apparently the case, has the trend toward one type of spending and away from the other stopped in recent years? Shouldn't this be relevant to a discussion of future tax and spending policies?

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